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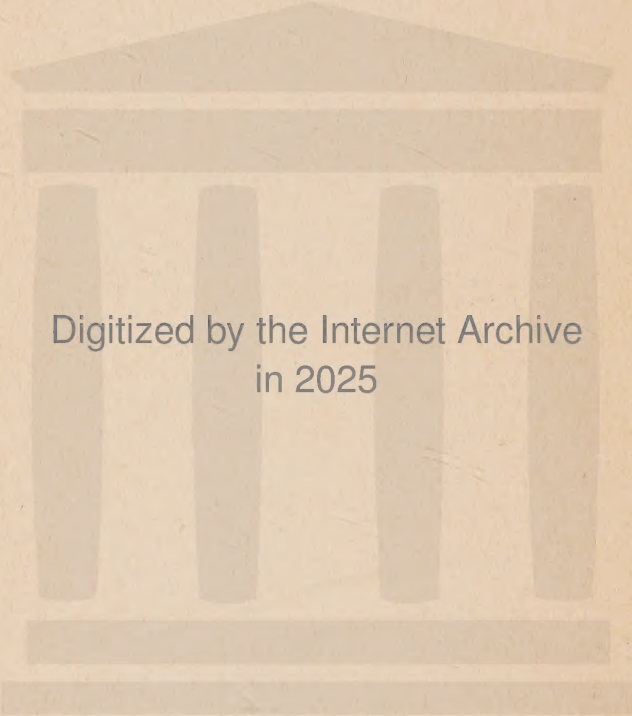
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INTRODUCTION
TO ECONOMIC HISTORY



AN INTRODUCTION TO ECONOMIC HISTORY

BY

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ECONOMIC HISTORY

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First Edition

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To
EDWIN FRANCIS GAY
Scholar and Executive

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EDITOR'S INTRODUCTION

The purpose of this book is simple and direct. It is a synthesis of much special scholarship in the field of economic history, organized to give to novice and scholar alike a new and challenging survey of the five fundamental stages of economic development culminating in what to the author is the dominant type to-day—metropolitan economy.

The achievement of simplicity and the establishing of inclusive categories within the compass of a brief manual is, however, not a simple task. The sharper the point to which we draw any generalization the broader must be the basis of the scholarship upon which it rests. At every point, the user of such a text, whether he be beginner or specialist, must be furnished by enumeration or citation with access to the basic facts. The student must likewise be led by problems and suggested reading to test the text, to amplify his own knowledge and to see the relation of what he reads to the economic system which conditions his own life and service. It seems to me that what is here presented meets these varied and exacting tests supremely well. The student can not find in similar literature at present any more direct and scholarly survey which at its conclusion has placed him in so sound a position to interpret the economic and much of the political activity of the past and of his own day. Indeed, there is not a business man immersed in the direct operations of the commerce, finance, factory, and transportation who would not

EDITOR'S INTRODUCTION

have a surer grasp of present-day economic processes and organization as a result of thoughtfully reading this stimulating survey and especially its last two chapters. Students of social and political institutions will find its interpretations of past and present much more sturdy and free from political and national bias than the older treatises of such Continental writers as Schmoller and his followers.

It should be emphasized that the substance of this work has been tested in teaching for several years. It is here presented in a form adapted to class use. The analytical table of contents, paragraph headings and topic headings at the side, the diagrams in the text, and class exercises and problems at the end of each chapter have been worked out with the teacher and student in mind. The problems and supplementary reading have a range of applicability much wider than an introductory course. It will be clear that the teacher and investigator has, in some of the problems, an opportunity for extended investigation and treatment.

I feel free to say that I think Mr. Gras has performed a service of extreme value to the increasing body of students, citizens, and publicists who need an historical introduction that serves to explain in such full measure from the economic standpoint the bases of our complex civilization.

GUY STANTON FORD.

AUTHOR'S PREFACE

This book has grown out of actual experience in teaching economic history. It is only part of an introductory outline of the subject; but because of its general treatment it really stands alone. Without being confined to one country, it nevertheless stresses American and English development.

Numerous have been the claims made on behalf of the economic interpretation of history, few the efforts to write history from that point of view. Without in any sense being a theoretical exposition of history, the present book has nevertheless a purely economic warp, with a woof almost as varied as the culture of progressive man.

It is indeed a pleasure to acknowledge the assistance received from various scholars. To research assistants in economic history at the University of Minnesota, I am under heavy obligations, to Miss Mildred L. Hartsough and Miss Marion Rubins for several special studies and to Miss Helen D. Parker for assistance in verifying manuscript. From various other devotees of economic history, notably Mrs. G. T. Droitcour, Mr. C. B. Kuhlmann, and Mr. Lawrence Smith, I have learned much that I naturally have difficulty in acknowledging. Parts of the manuscript have been read by my colleagues, Professor L. L. Bernard, Professor W. S. Davis, and Dean G. W. Dowrie. Substantially all of the manuscript has been read by Professor W. F. Tamb-

AUTHOR'S PREFACE

lyn, of the Western University, who has made many valuable suggestions. Dean G. S. Ford has read not only all the manuscript but all the proof. To his criticism and knowledge I am deeply indebted. From first to last I have benefited by the critical assistance of my wife.

The friendly cooperation of the heads of the School of Business and the History Department of the University of Minnesota has made this book possible in so far as it made provision for the elementary course in economic history, a course in which the substance of this book was presented.

N. S. B. GRAS.

Minneapolis, 15 February, 1922.

INTRODUCTION
TO ECONOMIC HISTORY

CHAPTER I

COLLECTIONAL ECONOMY

I. ECONOMIC HISTORY. From the most primitive being to the modern man is a long journey. The "savage" was unclean, unlearned, and uncertain of a living. What he could obtain was usually near at hand, whether it be food or shelter, clothing or adornment. To-day, however, we enjoy material objects produced at a great distance. The wool in our clothing may come from Australia; the silk may have been produced in Japan; our shoes may be made from South American hides; our bread from the wheat of North Dakota; our children may play with German toys; we may occupy a desk made of West African mahogany or a chair of Indian teak; our coffee may still come from Java, though more likely from Brazil. Indeed the whole world now contributes to our needs. A complicated organization of business makes this possible, one that stands out in marked contrast to the simple system of earliest times. The story of this change is economic history.

The difference between the economic life of early man and our own is perhaps no greater than between his religion and ours, his government and ours, and his knowledge and ours. The history of religion, of politics, and of science has much to tell that is of value, but the concern of this book is with the history of economic progress. No detailed chronological

presentation of economic history is contemplated, but rather a general introduction to the subject, treating of the stages of economic development.

Means of
liveliness

2. COLLECTORS. Like the lower animals, whom they resembled, the earliest men hunted, fished, gathered berries, moss, and lichens, seized such small animals as snakes and lizards, ate the insects that crawled beneath their feet or that swarmed on their own persons, and grubbed in the ground for wild bulbs and roots. Moreover, they collected such firewood or timber as was needed, and even dug beneath the surface of the earth for ocher (coloring matter) or for metal. One can easily imagine the life led if he pictures himself turned loose into a forest or a plain without clothes, tools, or weapons. Of course, the comparison is unfair to the modern man who is taught to rely so much upon his neighbor to produce for him this or that specialty, clothing or food, luxury or necessity; but it does bring home to us the ingenuity required of early men to supply all their needs by appropriating what nature had provided in the immediate district. The most primitive of the backward peoples existing in antiquity or at the present time are the collectors or appropriators of nature's gifts. The necessity of using what lay near at hand gave rise to wide variations in comfort and well-being. Although the gifts of nature differed materially according to local peculiarities, such as temperature, moisture, and geological formation, nevertheless we may say that the farther men lived from the equator, the greater their reliance upon animal food, till we come to the Eskimo, who has almost no other sustenance than game and fish.

Collectors

Effect of
latitude

Man and
nature

Man walked with nature in the collectional stage. He accepted her gifts, followed her laws. Yesterday

he was full, to-day empty. In sunshine he was merry, in storm he suffered sore discomfort. Life was immediate, with little thought of the future, none of the past. The mind of man in the childhood of the race was fixed on the present. He was careless in the use of his time, destructive of material goods, and fearful of the dark and of ghosts.

It is the economic system of this stage, collectional economy, that is the chief concern here. So planless was life in this early time that some scholars would not use the term *economy*, because they hold that it connotes some thought for the future, careful organization, in short, some kind of system. But economy means management, house management originally. It is evident that, although primitive man lacked the higher economic qualities, he did manage his household. His system may have been clumsy but it enabled him to survive. Indeed it probably carried man through a longer period of existence than any other system. So we are really justified in using the term "collectional economy" to apply to a stage when our ancestors collected the gifts of the world of nature, searched for them, hunted for them, utilized them in their own crude way.

Economy

3. DAWN OF HISTORY. Naturally we turn to recorded history for the beginnings of human development. We know that this history goes back over six thousand years, that it is written in stone, bronze, iron, clay, papyrus, parchment, and paper. We know that it is on the whole accurate. But we have not proceeded far in our inquiry before we realize that the earliest history does not begin till man has made some advance in civilization, has perhaps climbed half way up the ladder of our present progress. It is in Egyptian history that with the help of inscriptions

Egypt

we can go farthest back into the mist of antiquity, but there instead of primitive man we find a society already well advanced in economic life, rich in religious experience, and tending to conserve what it has rather than to invent anything new.

History
and
descrip-
tion

Long after the dawn of history there arise historians consciously recording the past, who are of great aid in our quest, and those describing the backward peoples of their own day, writers such as Herodotus, Strabo, and Tacitus in the ancient period, Giraldus Cambrensis and Marco Polo in the Middle Ages, and Ratzel, Bancroft, and many others in our own time.

Locust-
eaters

4. COLLECTORS IN ANTIQUITY. Herodotus, writing about 430 B. C., described a people in India who had no dwelling-houses, killed no animals, and planted no grain. Their only food was wild vegetables and cereals.¹ Strabo, the Greek geographer and historian, described many peoples who were in the collection stage in his day, that is, about the time of Christ. Near the Red Sea there were root-eaters, seed-eaters, elephant-eaters, bird-eaters, turtle-eaters, and locust-eaters. The last named are perhaps the most interesting. They were somewhat short and dark and rarely lived beyond forty years. They built smudges in ravines, and as the smoke ascended, it blinded the locusts as they flew overhead, and caused them to fall into the ravine. The locusts were then collected and pounded together with salt, made into cakes, and then eaten.²

Germans

The Roman historian Tacitus described the Germans about 98 A. D. One of the tribes had no armor, no horses, and no permanent homes. They were out-and-out collectors; with herbs and game for their food, skins for their clothing, the earth for their bed, arrows their chief wealth, they refused to till

the soil and were in marked contrast to the more advanced Germans of the west.³

At about the same time collectors of various kinds were said to live in the "forests" of India: hunters, fowlers, fishermen, root-diggers, snake-catchers, gleaners, and perhaps flower-, fruit-, and fuel-gatherers.⁴ Living in out-of-the-way places, they are, of course, to be regarded as the exceptional, not the typical people of India. India

These historical records, we could piece out from the discoveries of archæologists who see in the life of the cave-men essentially a collectional stage of civilization. The archæologists have examined the caves, found the cave-men's knives, stone lamps, and mural decorations of animals wonderfully portrayed. From the folklore we could learn much, whether it be Homer's description of the isle of Cyclops as both unplanted and unplowed and yet yielding wheat, barley, and grapevines,⁵ or a crude tale of a people in New Guinea about the time when they hunted the wild pig and lived inside the great stone (cave).⁶ Valuable as is this information, it is not so reliable as that obtained by examining those peoples who have survived to modern times in the primitive stage of collectional economy. Evidence
of arch-
æology

5. COLLECTORS IN THE MODERN PERIOD. In 1681 Robert Knox, after a captivity of twenty years on the island of Ceylon, described the wilder natives of the island as out-and-out collectors. These Veddahs, for such is their name, constituted the most primitive group on the island. They had not only no towns but no houses, living beside some stream or pool under a tree with some boughs laid about them. They tilled no ground, but lived on the flesh of game and the honey of wild bees.⁷ To-day, Veddahs

though most of these people have followed the general human trend and moved upward in the scale of civilization, a few of them still support themselves as their ancestors did: the men hunt animals and gather honey, and the women dig yams. They have two homes, one in the highlands, a rock shelter or cave for the wet season, and one in the lowlands, a hut of flimsy structure. In the rock shelters there are no partitions but rather floor areas for the various families, with one section used as an arsenal for the whole group. They sleep on a deerskin by choice but often on a rock by necessity. They make it a point to avoid the damp ground. When asked whether they ever went out at night, they roared with laughter at the idea. It is too dark to see; and, if bears lurk about, why should they go out into the jungle at night? Such is their sense of humor that they laughed again, and it was ten minutes before one of them regained composure.⁸

Madagascar

In another tropical island, Madagascar, there is a people that lives by hunting, fishing, and gathering wild fruits and vegetables. Efforts have been made by missionaries to induce this people to raise cattle. This occupation would involve but little labor and would make their source of food supply more certain, but the natives were unwilling to make the experiment.⁹

Eskimos

So widespread are the peoples of this the most primitive stage known to us, that we can find examples on every continent, in such widely separated islands as Tierra del Fuego and Madagascar, and in every zone, from the Bushmen of South Africa to the Eskimo of the Arctic circle. Of late years, because of the voyages undertaken for the discovery of the north pole, we have been most interested in the Eskimos,

who depend solely upon hunting, fishing, and gathering berries, roots, and moss. They get their main subsistence from the seal and the reindeer, which provide them not only with food but oil for lamps and skins for clothing, canoes, nets, and lassoes. They prefer cooked food but do not object to it raw. Coagulated blood, mashed cranberries with rancid oil, and live maggots are delicacies to them.¹⁰

When Europeans discovered and explored North America, they found many natives in the stage of collectional economy. In 1610 some tribes from Newfoundland even to New England were hunting nomads without any garden culture or agriculture (and of course no pasturing). They never stopped longer than five or six weeks in one place, shifting about according to the condition of hunting or fishing.¹¹

American
Indians

The Indians of British Columbia and the district round about remained collectors up to recent times and many probably up to the present. One people living on the Charlotte Islands eats fish and fish spawn, clams, cockles, and shellfish, wild parsnips, berries, bulbs, and the inner tegument of pine and hemlock dried in cakes and eaten in fish oil.¹²

Indians
of British
Columbia

It is in California, however, the mecca of so many whites in our day, that the most primitive natives perhaps in all North America were found. Some of them were called the Diggers, a term that sums up their means of livelihood. Generally speaking, the women dug roots, collected berries, and preserved food, while the men hunted such small animals as could easily be caught. In southern California the Indians ate coyotes, skunks, wildcats, rats, mice, crows, hawks, owls, lizards, frogs, snakes, grasshoppers, stranded whales, and fish. The lowest of them all, the Shoshones, lay in a stupor during the winter, with

no clothes, with few weapons or tools, and scarcely any cooked food.¹³ In their filth and helplessness they resembled the swine of the proverbial sty.

Causes
of back-
wardness

It is perhaps inevitable that at this point we should reflect upon the explanation of the backwardness of peoples still living in this early stage, while others have made such far-reaching advances. It seems obvious that the Eskimos should remain in the collectional stage because the higher economic pursuits are so difficult in a climate so rigorous, but the white man has taught them here and there in favorable locations to follow the example of some of the Lapps in herding the reindeer. The humid hot climates of the Amazon valley and of southern Madagascar, where every task requires great effort, would be an obvious damper to progress, but how can we explain the failure of the Californian Indians to advance? Theirs was a fine climate and to the east and south of them there were more advanced peoples. Generally speaking, men stagnate where there is isolation. It is a notable fact that in the remote islands of the world we find a great number of instances of backward peoples, in Tierra del Fuego, Madagascar, Ceylon, some of the Oceanic Islands, and Tasmania. Australia, itself an island, shut off from contact except with a few neighboring peoples, affords an illustration of one of the most primitive groups known.¹⁴ In short, we can generally explain retarded development by isolation or an unfavorable climate, but California suffered from neither of these, unless lack of rain.

6. SURVIVAL OF COLLECTIONAL PURSUITS. Long after collectional economy had passed away—that is, after collectional pursuits had ceased to be the main means of livelihood, men still supplemented their new methods by the old. This is true of the

ancient, medieval, and even modern periods of history.

An ever-to-be-remembered character in Norse history migrated from Norway to Iceland. Indeed, he was one of the earliest recorded settlers of the island. Like his fellow immigrants (probably), he lived in a stage of production higher than collectional economy, but he was compelled to supplement pasturing and tillage by fishing, seal hunting, egg gathering, collecting driftwood, and shooting whales.¹⁵ It is interesting to recall that both egg gathering and the gathering of feathers from the nests of the eider duck are important in Iceland up to the present time. On another island nearer to the coast of Norway, we are told similar dependence was put on these means of getting supplies.¹⁶ Of course, this brings the whole subject quite near to us, for the Norse are close kinsmen of many people in Europe and America at the present day.

Skalla-
grim,
A. D. 878

In medieval England the kings set aside a part of the country as forest reserve. It was not actually all forest, but under forest law. There the king went to hunt and there his officials administered a law that was severe indeed, the enforcement of which brought him many curses from the people. But what concerned the sovereign more, if that was possible, was the fact that it provided him with a considerable revenue in fines and fees paid for permission to hunt and to collect forest products, such as honey and fallen wood. It has been said that this forest, quite a large part of which was given over to collectional pursuits, comprised perhaps one-third of all England.

English
forests

Early
13th
century

We need go no farther, for all know well enough the part that collection, or mere appropriation, plays to-day, especially in fishing, mining, quarrying, lum-

Collec-
tional
pursuits
of to-day

bering, and oil pumping, to say nothing of the humbler activities of nut gathering and berry picking. A realization of such survivals adds interest to the observation of economic activities. Some are primeval, some just old, others very late discoveries.

7. THE FOOD OF COLLECTORS. To man in all ages the getting of food is a prime consideration, but to early man it constituted a large part of his existence. Accordingly, we may weigh early civilization to a greater extent than our present civilization by its success or failure in the matter of food.

Food elements There are at least five different food elements used by man. Protein is the indispensable tissue builder, obtained from both plants and flesh. Fats and carbohydrates (starch, sugar, and honey) are both supplementary foods; whereas the fats are found in both flesh and vegetables, the carbohydrates are almost wholly confined to plants. Minerals, such as common salt, phosphates, and sulphates, are necessary for the formation and upkeep of bones and protective tissue. And vitamins, the nature of which is as yet unknown, are indispensable for good health, for preventing debilitating diseases and organic weakness which leave the body a prey to the first epidemic.

Balanced diet To-day, of course, our dietetic system is based upon the use of both plant and animal food combined in many ways. The omnivorous collector, who ate both plants and animals, would also have every opportunity of obtaining a balanced diet, provided his selection was sufficiently wide. The very fact that in this stage man ate indiscriminately the things nearest to hand and most easily obtained, tended to induce variety of selection.

Herbivorous man The herbivorous man is rather hard to find. The seed eaters, root eaters, and lotus eaters of Strabo's

time may be examples. To the Australian aborigines, plants are probably more important than animals, eminently so in bad hunting seasons. It is probably true that the purely herbivorous man can obtain all of the five food elements mentioned above, provided his selection is widely made. He must see to it, and his appetite will be his guide, that he is not deficient in proteins, which he may obtain from wild cereals and from nuts. Vitamines are within easy reach in the roots, leaves, and seeds of numerous plants, as well as fruits like oranges and grapes.¹⁷

It is the purely carnivorous man, however, that we think must have difficulty in securing a well-rounded diet. We know that the Eskimo collects reindeer moss whenever he can, and that the Indian hunter makes a great point of storing plants to supplement his flesh diet. These practices are not really necessary, for a purely meat diet may be in itself well balanced. Such a meat diet, however, should include not only the muscle but also the blood, the organs of the body, and the bones. The Melanesians of New Guinea regard the tongue, hands and feet, mammary glands, the brain, intestines, solid viscera, and sexual organs as the most delicate parts of their human victims.¹⁸ When the collector roasts whole, a kangaroo, a monkey, or a bird, he provides himself with a gravy richer in food elements than the muscle. The liver is especially valuable as a container of vitamins. The only food element not provided by a flesh diet is the carbohydrate, which the body can itself provide from proteins.

Scientists of late years have given not a little attention to the food of primitive man and have learned much from his habits. The physique, robust health, and good teeth of the "savage," make us think that

Carni-
vorous
man

Modern
and
primitive
men

there is something in diet that the civilized man of to-day fails to get. Sometimes when we see people buying liver, kidneys, and other parts of the slain animal, we shudder at the thought of eating such, but it is we, and not the consumers of such organs, that suffer.

Bad side
of primi-
tive man's
diet

There are, of course, other aspects to the story of the collector's diet. Putrid meat was eaten, apparently without offending the consumer's finer senses. When a negro of the French Congo, himself in even a higher than the collectional stage, was asked why he ate carrion, he said, "I don't eat the smell."¹⁹ But probably very often this meat must have bordered on the poisonous, and only by vigorous cooking could the toxic effect be offset. It has been often noted by travelers that aged people living in the stage of collectional economy had worn down their teeth to the very gums. This might be by eating tough meat or fibrous roots, or as in the case of one Indian tribe in British Columbia, by eating dried fish over which sand had been blown before it was stored for the winter.²⁰

Uneven
supplies

More dangerous than decayed food or the wearing away of teeth, was the uneven supply of food-stuffs. In the tropics and subtropics this was not so serious, but in the temperate and frigid zones it might happen at any time that hunting or fishing would fail and the sole reliance would be upon plant food which might not exist in sufficient quantities. To remedy the shortness of supplies in the winter, the collector preserved and stored both flesh and plants, fish and berries. Indeed, this provision for the future may be regarded as one of his highest attainments. And yet, to a great extent, it is instinctive. We at once compare it with the practice of the bees, ants, and

Storage
for con-
sumption

squirrels. When we come to a later stage, we shall see that goods were stored not merely for subsistence but for further production, as when the cultivator stores grain for seed. When this point is reached we can feel sure that storage is no longer instinctive but rational, that it has become a part of the reasoned process of careful living.

8. GENERAL ATTAINMENTS OF THE COLLECTORS.

We have already noted several of the common characteristics of peoples in the stage of collectional economy. They were, of course, all collectors, but now we must distinguish between men and women. There was a real division of employments between the two. Man hunted and fished, while woman dug roots and picked berries.²¹ Man fought, while woman cared for the young. Man made metal and leather commodities, while woman manufactured textiles. Man procured the game, while woman cooked or preserved it. Man ran the risks of an exciting life, while woman bore the burdens of a more humdrum existence. It is obvious that such a division of occupations was based upon the natural abilities of the two sexes. Then, as now, the two chief concerns of mankind were the preservation of the individual and the perpetuation of the race. We can identify man more particularly with the former and woman more particularly with the latter. But specialization is found within the sex, one man making arrows and another concocting medicines.²² Sometimes a whole tribe would specialize in the collecting of one commodity while a neighboring people would specialize in another, so that exchange would naturally spring up whereby the fish and oil of one tribe would be bartered for the skins, roots, and game of another.²³

Work of
men and
women

Totemism is the general, if not universal, religion Religion

of peoples in the collectional stage. It springs from the respect paid to wild animals and plants, the main interest of their lives, out of which arises a whole series of peculiar observances.²⁴ A man whose totem is a hawk may ordinarily not eat the hawk, perhaps not even touch it. It is taboo or forbidden to him. This was probably not the whole of the collector's religion, but was a large part of it. Remnants of it are found surviving long after a people has passed on to a higher economic stage—so conservative is mankind in religious matters. A good example of this is seen in the history of the Hebrew people, who, it is claimed, abhorred pork not because of fear of disease but because the pig (as well as other animals) was in some way connected with their religion in pre-historic days. The worship of the golden calf, the brazen serpent, the fish god, and the fly god, are thought to be similar cases.²⁵

Art

A few attainments and habits of collectors that cannot be considered at length are at least worthy of notice. Closely connected with early religion was the dance, the significance and interpretation of which are difficult. Although the dance seems crude to us, it was probably the chief expression of the collectors' artistic sense, perhaps not now so much appreciated, however, as the occasional survivals of their pictorial art found in caves. Characteristics or customs of a non-artistic nature common to the peoples living in collectional economy include the keeping of dogs, love of gambling, fear of the elements, the disregard of human life, approval of theft from a rival group or clan, feuds, childish stories or legends, and certain diseases such as sore eyes—caused partly by living in smoky caves, tents, or huts.

Customs

In the winter, or whenever the hunting was not

good, the people in this stage lived in fairly large village groups, the basis of the unity of which was kinship. But in hunting and fishing seasons the village broke up into small groups organized for the collection of food and other necessities. The Veddahs would go for a week or a month with their family to gather honey;²⁶ some of the Indians of the Columbia River district seem to have spent all but three months of the year wandering about in search of food.²⁷ Sometimes the location of the winter village would be changed, but only for a very good reason. For example, a few Indians of the extreme northwestern part of America, such as the Tinnehs, wandered over unusually wide areas, but this was because the territory was not rich in game.

Village
groups

It seems to be true that all collectional peoples required a relatively large area for their support. Probably in the United States and Canada there never were more than five million Indians, and some of the Indians had already developed into a higher cultural stage. In the two countries to-day there are probably not more than 115,000,000 people. Considering only quantity and neglecting quality, we can say that we are to-day more than twenty times as efficient as the Indians. The reason for the scanty Indian population was partly a wasteful system of production, one that failed to utilize fully all the natural resources such as are now used in pasturing, field cultivation, and mining, and also partly the unhygienic habits of life and the irrational tribal wars. Improvements along all of these lines are, of course, still to be made and obviously much remains to be done.

Area
required
for pro-
duction

It would be a perversion of the facts to maintain that all peoples in the collectional stage had a perfectly

Variation in culture

uniform culture. In many matters there was wide variation, in the shape of the house, in the material²⁸ of its construction, in the manner of burying the dead, in physical appearance, in the number of wives, in the part played by woman in the dance, and in many other respects. Such variations, due to local conditions, are of little economic significance.

The stone and other ages

Archæologists are accustomed to divide the prehistoric period into stages typified by the use of different materials for tools—the rough-stone age, the smooth-stone age, the age of copper and stone, the age of bronze, and the age of iron. In all probability, the first two of these might be taken to mark off phases of the development of collectional economy. As to whether the iron age generally fell within the collectional period, it is difficult to say. Africa seems to have had no bronze period at all. Indeed, too much depends upon the local supply of these different articles to justify one in generalizing about them. The simple distinction between lower and higher collectors is of much more general significance.

Lower collectors

The lower collectors such as the wild Veddahs, Australian aborigines, and some of the Californian Indians,²⁹ were the more primitive. They hunted in smaller groups, used cruder weapons, killed smaller game, and were less skillful in battle. Instead of the buffalo, the reindeer, or the bear, they killed the skunk, the crow, the lizard, the snake, and the insect. Accordingly, they did not possess as good food or as good skins for clothing or tents as did the higher collectors. Such a distribution, though very real in its cultural significance, and very important in its bearing upon the health, strength, and happiness of the people, nevertheless is a matter of degree rather than of kind. Although both the higher and the lower

Higher collectors

were collectors of animals and vegetables, only the higher would develop into the next stage of civilization, the cultural nomadic. This would take place only where conditions were favorable: chiefly in the tropical, subtropical, and the temperate zones. The collectors of the far north, the Eskimos, and some of the Indians and Lapps, had but little opportunity of reaching a higher stage because of the cold climate and rough lands in which they lived.

9. SUGGESTIONS FOR FURTHER STUDY

1. For a brief account of a people in the collectional stage, see the article on the Eskimo in the *Encyclopædia Britannica*.
2. For an extensive survey of peoples in the collectional stage, see the list of various tribes, nations, and races entitled "Anthropology and Ethnology, Races and Tribes," in the *Encyclopædia Britannica* (11th ed.), Index volume, p. 883. For example: Bambute, Batwa, Botocudos, Bushmen, Vaalpens.
3. Read Ratzel, *History of Mankind*, 3 vols. (1885-88, translation 1898). See the section on the Bushmen in vol. II, pp. 262-279. This work is valuable if used critically.
4. Read the accounts of the Indians of the Pacific Northwest to be found in the *History of the Expedition of Captains Lewis and Clark*, 1804-5-6 (ed. by J. K. Hosmer, 2 vols., 1902). Note specially vol. II, chaps. IV, V, or VI. For an interesting account of American hunters, see Zane Grey's book, *The Last of the Plainsmen* (1908, 1911).
5. What is the advantage in calling the stage described in this chapter the "collectional" rather than the "hunting and fishing" stage?
6. Compare the activities and potentialities of lower and higher collectors.
7. Illustrate this statement: some white men in America to-day get their living largely by collectional pursuits, some just supplement their living in this way, while others collect simply by way of diversion.

8. Give examples of (a) collectional pursuits that are diminishing to-day, and (b) others that might be relied upon to a greater extent in the future.

9. In what different senses is the word "economy" used?

10. Was there a labor problem in the stage of collectional economy?

11. Do you associate stagnation with a lack of specialization of labor and employments?

12. Study causes for the stagnation of peoples, by examining the accessibility, fertility, and climate of their district.

13. Which was the more fundamental factor in economic life, environment or mental endowment?

14. Was the relatively low culture or civilization reached in this stage due to the economic system?

15. Comment: in this stage equality ruled and also poverty. Why?

16. What is the evidence that these primitive men were really backward and not degenerated from a higher civilization?

17. Were the morals of early man much different from ours?

18. Was his art much inferior to ours in essentials? Consider the cave-wall drawings.

19. Make a list of all the cultural attainments of people in this stage so as to be able to compare them with the contributions in subsequent stages. Would you add the use of fire, weapons, and tools, to those mentioned in the text?

20. Does the law of compensation hold good? Did the collectors have enough advantages to compensate them for their disadvantages, when compared with modern men?

21. Compare men in the collectional stage with the child as to saving, capacity for continuous effort, perspective, and joyous living.

22. Are we justified in dealing with *prehistoric* conditions in a treatise on economic *history*?

For further study of the whole subject, see the books and articles referred to in the notes immediately following.

10. NOTES TO CHAPTER I.

1. Herodotus, *History* (ed. Rawlinson, 1910), vol. I, p. 259.
2. Strabo, *Geography* (Bohn), vol. III, pp. 197-198. It is, of course, impossible to say how far these various peoples confined themselves to the foods in question.
3. Tacitus, *Germania* (Loeb's Classical Library), pp. 331-333.
4. The Laws of Manu (trans. by G. Bühler, in *The Sacred Books of The East*, 1886), p. 300.
5. Homer, *Odyssey* (trans. by G. H. Palmer), p. 132.
6. C. G. and B. Z. Seligmann, *The Melanese of British New Guinea* (1910), p. 388.
7. Robert Knox quoted in Seligmann. *The Veddahs* (1911), p. 6.
8. C. G. and B. Z. Seligmann, *The Veddahs* (1911), pp. 43-44, 81, 87, 329.
9. Information by a native student, Mr. Eugene Rateaver, active in missionary work in southern Madagascar.
10. H. H. Bancroft, *Works, The Native Races* (1886), vol. I, pp. 54-58.
11. Marc Lescarbot in *Jesuit Relations*, vol. I, p. 83. Contrast, however, the Indians near Plymouth, Mass.
12. H. H. Bancroft, *Works, The Native Races* (1886), vol. I, pp. 162-163.
13. *Ibid.*, vol. I, pp. 326, 405, 441.
14. J. G. Frazer, *Totemism and Exogamy* (1910), vol. I, pp. 92-93.

The aborigines of central Australia wore no clothes, even though the nights were cold. They huddled together, getting warmth one from the other's body, sometimes in their slumbers rolling onto the embers of the burning fire. Moreover, they had no knowledge that the union of the sexes caused the procreation of children, thinking that women were impregnated by the spirits of dead men that temporarily dwelt in the earth.

It should be noted that the Maoris of New Zealand, being themselves newcomers, were not so backward as most islanders that are isolated from external influences.

15. *The Story of Egil Skallagrimsson* (ed. by W. C. Green, 1893), p. 51.
16. *Ibid.*, p. 17.
17. J. F. McClendon, "Nutrition and Public Health with Special Reference to Vitamines," in *American Journal of the Medical Sciences*, April, 1920, pp. 483-484.
18. C. G. and B. Z. Seligmann, *The Melanesians of British New Guinea* (1910), p. 552.
19. A. L. Cureau, *Savage Man in Central Africa* (1915), pp. 220-221.
20. H. H. Bancroft, *Works, The Native Races* (1886), vol. I, p. 163.
21. *Ibid.*, vol. I, page 266; J. G. Frazer, *Spirit of the Corn and of the Wild*, vol. I, pp. 124-130; B. Malinowski, *The Family Among the Australian Aborigines* (1913), p. 281.
22. H. H. Bancroft, *Works, The Native Races* (1886), vol. I, p. 342.
23. *Ibid.*, vol. I, p. 239.
24. J. G. Frazer, *The Spirit of the Corn and of the Wild*, vol. I, p. 35; and *Totemism and Exogamy* (1910), vol. IV, p. 18.
25. G. Mallery, "Israelite and Indian," in *Proceedings of the American Association for the Advancement of Science*, vol. XXXVIII, pp. 297, 323.
26. C. G. and B. Z. Seligmann, *The Veddahs* (1911), p. 82.
27. H. H. Bancroft, *Works, The Native Races* (1886), vol. I, p. 267 n.
28. N. W. Thomas, *Natives of Australia* (1906), pp. 109, 117.
29. For a list of lower and higher "hunters," see L. T. Hobhouse, Wheeler, and Ginsberg. *The Material Culture and Social Institutions of the Simpler Peoples* (1915), pp. 30-35.

CHAPTER II

CULTURAL NOMADIC ECONOMY

II. THE CULTURAL NOMADS. When the collector began to cultivate animals and plants, he took a great forward step. Formerly he had just appropriated what nature had provided; now he undertook to improve upon her, to cultivate her gifts systematically. In doing this he insured himself against the irregularities of unplanned growth. He became a herder and a gardener. These are the earliest economic cultures.

Man's advance has always come through a conquest over nature. During the collectional stage, man used fire to improve on nature's gifts—that is, to cook his food to make it more palatable, and, we may add, more sanitary. Man stored his food from season to season, to provide against a time when nature was most niggard. He fashioned weapons and tools to make himself master of the field. Now in this new stage he undertook to guide the lives of animals so that they would better serve his needs, to drive them hither and thither to feed, and to protect them at night from devouring enemies. He also undertook to direct the growth of plants, putting some here and some there, fighting their battles with other plants,

and with the beasts of the field and the birds of the air.

Wandering about

In this stage, as in the earlier, man was nomadic. This was partly because he had been accustomed to moving about in the collectional stage, but more especially because he needed to secure fresher and richer pastures elsewhere, or better arable lands in another district. Fear played a great part in the lives of all early peoples, and often caused them to move from place to place. Sometimes it was fear of a powerful neighbor, sometimes of a sickness and vermin, and sometimes of dreaded evil spirits. Occasionally men moved with all their belongings to visit some sacred spot or village, somewhat as the Doukhobors in western Canada in our own day have gone in search of the Messiah. At the very tropics it was less likely that men would move far. Nature made it both difficult and unnecessary, difficult because of luxuriant growth in most places, and unnecessary because of the abundance of food. The farther away from the equator you go, up to a certain point, generally speaking, the wider the wandering.

Collection and cultivation combined

It should not be forgotten that men of the cultural nomadic stage retained their fondness for the hunt, for fishing, and gathering wild honey, berries, and herbs. Often the food so secured was indispensable to their existence. And so we may say that cultural nomads are distinguished by a combination of three practices, continuing to collect, roaming about, and cultivating systematically a large part of the things they need.

Herders

12. ANIMAL CULTURE. Most peoples of the world have apparently cultivated animals before plants.¹ The historic peoples of northern Africa, of most of Asia, and of Europe became herders of cattle

and swine and keepers of sheep and goats (and also occasionally of bees). In this way they provided milk, butter, cheese, and flesh. From the hides were obtained leather and wool for clothing and for tents. The oxen were beasts of burden dragging carts and wagons through the plains. Horses, probably the last of the animals to be domesticated, swift-footed horses, bore the herders to the pastures, and carried the warriors to the field of battle. Such are the nomads of history and such they are to-day. Generally the term "nomad" is applied to them exclusively, the keepers of animals which are driven here and there for pasture, but we shall call them "pastoral nomads" to distinguish them from the nomads who cultivate only plants.

We get our first historic evidence of nomadic culture from a very early period. The Hyksos, or shepherd kings, left Asia to conquer Egypt which they held for many generations. And the Jews under Abraham left the Euphrates valley for the land of Canaan, probably as nomads, but we are not told that they possessed flocks and herds till after they had returned from Egypt. It seems that the peoples around the Arabian desert, including both the Hyksos and the Jews, were from remote antiquity pastoral nomads. The cave dwellers near the Red Sea at the time of Christ and before, were nomads, the keepers of sheep and cattle, living entirely on milk and the flesh and bones of their herds and flocks.² In the same general district, on the borders of the Arabian desert, lived the Saracens, who at a later date were pastoral nomads living on milk and flesh, supplemented by herbs and birds. Mounted on fleet horses and speedy camels, they could move rapidly to attack and as rapidly retreat.³

About
2000-
1500, B. C.

Jews

Arabs
about
A. D. 350

Bedouins The Arabian desert nomads of antiquity are represented to-day by the Bedouins, or the people of the tent, the traditional descendants of Ishmael, son of Abraham and Hagar, who still pasture their flocks and herds and for whom there seem to be no stepping stones to higher things as long as they live in a land of scant and uncertain rainfall.

Massagetæ, 5th century, B. C. In the ancient period, nomadic life was prominent in the district north of the Black Sea eastward to the Sea of Aral. Herodotus described the life of the Massagetæ,⁴ as did Strabo at about the time of Christ.⁵ The latter's description shows us some of the people living in the marshes as collectors, others in the mountains and plains as cultural nomads. In other words, we see here the transition from collectional economy to cultural nomadic economy where conditions are favorable on the mountain-side and on the plain.

Alani A people called the Alani, living north of the Caspian Sea, perhaps descended from the Massagetæ, were cultural nomads when they were attacked and divided by the Huns. They had no cottages, lived solely on milk and meat, and went enormous distances on their canopied wagons, driving before them their flocks and herds. By means of their horses they not only easily cared for their cattle and sheep, but hunted and plundered over wide areas. The western section, cut off by the Huns, eventually joined the Vandals⁶ and moved to Spain and northern Africa. The eastern division remained near the Caspian Sea, where they are to-day.

Scythians of the plain In the ancient period, these pastoral nomads were called the "Scythians of the plain." Their successors in the same general district are known to-day as the Kirghiz, still nomads and very numerous.

The Huns, already mentioned, are one of the most interesting of pastoral nomadic peoples, because they played so important a part in the history of Europe. Their treatment of the Alani was typical: they rode roughshod over all their enemies whether obscure tribesmen or imperial Romans. Cities were taken and plundered and the inhabitants put to the sword. Conquered peoples that survived the campaign were compelled to pay tribute. We must not think of the Huns as very exceptional, for they constituted but one of the many peoples living in the plains of Asia, who were a scourge to the neighboring states having a culture higher than their own, to China, India, Persia, and the eastern and western Roman Empires. Contemporary writers emphasized their personal ugliness and their collective mobility.⁷ Putting the various statements together, we may call them "pastoral nomads," still depending a great deal on collecting roots and killing wild animals. The men rode on horseback and the women in wagons, presumably drawn by oxen. It is to be inferred that, like other Tartars from the northern and eastern borders of China, they possessed not only horses and oxen but also sheep, from the wool of which their warm tents and wagon covers were made. Occasionally they had camels, asses, and mules.⁸ Their chief food was mare's milk, supplemented by the flesh of the animals of the flock that died of age or disease, and of the beasts of the chase. In hunting they were specially skillful; one contemporary writer says it was their only art. Indeed, according to tradition, it was in following a doe that they crossed the great swamp north of Crimea and learned of the western European world that was to offer to them a new field of conquest. Their daily life, like their whole civilization,

Huns
about
A. D. 372-
453

was based upon the horse, which was the source of their food (mare's milk), an aid in hunting and herding, and an instrument of war enabling them to attack with great vigor, suddenly to retreat, and to return to the conflict till their object was attained.

Mounted
nomads

The horse was so important to the nomad that its possession constituted a superclass, the mounted nomads of history. The simple nomad with no horse to enable him to sweep across the plains has had little or no recorded history; the mounted nomad, however, has made himself a place in the annals of advanced peoples by the fierceness of his raids upon the borders and the persistency with which he has knocked at the very gates of the highest civilization.

North
Africa

1000-800,
B. C.

In northern Africa, west of Egypt, we find another area where pasturing developed early and still remains the most important pursuit of the natives. In Homer's *Odyssey*, it is said that no man, whether prince or peasant, lacks cheese, meat, or sweet milk in this district.⁹ In the 5th century B. C., a certain people in northern Africa, relatively populous, left their flocks and herds upon the seashore in the summer time, to go inland to gather dates and to catch locusts. The locusts were dried, ground into powder, and sprinkled upon their milk.¹⁰ Thus did they combine the old collectional with the new cultural nomadic pursuits. At the time of Christ, nomads were described who fought one another, neglected to kill wild beasts, and lived a life of continual change. They were sparing eaters, living on roots, milk, and cheese, and only slightly on flesh.¹¹ A dandified nomad people lived in Mauretania at the same time, who plaited their hair, carefully trimmed their beards, cleaned their teeth, and pared their nails.¹²

At the present time the nomads of Algeria pursue

the old course of life so long identified with northern Africa. To-day they fight on horseback and to-morrow they load their belongings on their camels and move on to better pastures. They eat milk and cheese, dates and figs, honey, berries, and acorns, and occasionally flesh. They make their cakes generally of barley, which they obtain by trade. The Algerian nomad, indeed, is a great trader, exchanging raw wool and woollen stuffs and tapestries not only for barley but also for wheat. But the market place of the northern town has no charm for him; his vision is restricted; he does not breathe freely. He loves the free life of the open, even to the borders of the Sahara. Certainly his love of country is not due to his great wealth, for apart from his flocks and herds he has but few possessions—his tent, carpets, coverlets, bags for provisions and valuables, wooden plates and trays, earthen or metal pots, wooden or earthen cups, coffee pot, milk vessels, skin water-carrier, pickaxe, hatchet, spade, flour mill, wool comb, loom, and ropes. All these he can carry on the march with his wives and his children. Within the tent he is absolute master. His wives are his servants. There is but little religion, though what exists is of the fanatical type. And, of course, there are no churches and no schools. Theoretically, the individual may depart if he will, but practically this means death in the desert, for without the cattle and sheep that belong to the group, the individual must starve.¹³

Algerian
nomads

In southwestern Africa, a Bantu negro people, called Hereros, live a purely pastoral nomadic life. They glory in their cattle, rarely killing them, but living on their milk, about six quarts of which an adult male will drink each day, not sweet but sour. The remainder of their food is obtained from ground nuts,

South-
western
Africa

roots, and tubers, and from game. As usual, the ownership of the cattle is vested in the clan, or kinship group. The village made up of round-shaped tents, has as center the calves' pen, about which the cows lie at night. The whole is surrounded by a kind of temporary palisade of thorn bushes. Like their village, their whole life centers in their animals. It has been remarked that while they have no separate words for the colors of the sky and of the grass, every tint of their cattle, sheep, and goats can be nicely defined.¹⁴

South-
eastern
Africa

But the great pastoral area of Africa is neither in the north nor the southwest but in the southeast, where the Masai, Bahima, Banyoro, and Galla peoples have large flocks and herds. Some of these tribes will not eat flesh and milk on the same day, some will not use a combined diet of vegetables and milk, believing that this would injure—not man's stomach but the cows' udders, and some despise plants as food and, of course, all plant cultivation.¹⁵

Southern
India

In southern India, there is a striking example of a purely pastoral nomadic people, the Todas. The chief food of this people is milk, berries, and roots, with some grain obtained from a neighboring tribe. Agriculture they despise, though their chief animal, the buffalo, might easily drag the plow for them. Because of their poverty they kill many female infants, or at any rate, they did till recently. This has led to polyandry, or plurality of husbands.¹⁶

Lapps

From the tropics of southern India we can go to the arctic regions and still find purely pastoral nomads, for example, some of the Laplanders. The reindeer is the cow of the Lapps. From it they get milk (small in amount but rich), cheese, and flesh. Most of the entrails they eat; the rest of them going to

the dogs that watch the herds. Wild game, fish, and berries supplement the food obtained from the herds. The plant angelica they relish beyond all others, and well they may because it is a preventative of scurvy. Scant indeed are the possessions of these nomadic Lapps. They have no permanent dwellings, no chairs, and no tables, only kettles, bowls, spoons, a lamp, and a cradle, besides their weapons, skins, stores for the winter, and their herds of reindeer. One boon they have, their natural refrigeration, which keeps their stored food almost in its original condition of freshness. Doubtless, this is the original home of ice cream.¹⁷

Pastoral nomads cultivated animals, but this does not imply that their cultivation was of a very high order. Usually the animals were scraggy, hardy beasts more ready for a long journey than for inspection on the market place. The breeding brought out those qualities needed for the life the nomads led. For instance, the horses of the herders living on the steppes of southern Russia had wonderful powers of endurance, going great distances without rest or water. They also possessed marvelous powers of direction, being able to find their way where no guideposts or paths existed. The Arab steed, of course, has long been famous for its fleetness and high spirit.

Russia

Pastoral nomads locate on the mountain-sides which are rich in verdure while the valleys are parched by a burning sun; or on the edges of a desert in which there is somewhere to be found a little pasture, not enough to last long but enough for a wandering herd; or on the plains or steppes where pasture is plentiful and where there are no forests and few ravishing beasts. With this in mind we may well wonder why Australia and America produced no purely pastoral

Location
of pas-
tures

peoples. The environment was favorable, but the natives lacked animals suitable for cultivation. In America were the llama, the vicuna, the guanaco, the alpaca, all allied to the camel tribe, and the peccary or wild pig. Some of these, indeed, were used in Central and South America, but in the great plains of North America before the white men arrived, only the dog was domesticated, and it was rarely used for food. One may raise the question whether in due time the bison of the plains would not have been herded in the New World as his kinsman, the buffalo, was in the Old.

Seasonal
move-
ments

All pastoral nomads are mobile. Some go but short distances, perhaps only up and down the mountains. They have opportunity for hunting and fishing and tend to engage in plant culture. On the other hand, the wide wanderers, those having horses or camels, the mounted nomads so famous in the history of Asia, Europe, and North Africa, go long distances. The Kirghiz of southern Russia were accustomed to go a thousands miles northward to their summer pastures and as far back to their winter camp. Such nomads could do but little fishing on the way, and showed little tendency to undertake plant culture. If severe weather or disease killed off their flocks and herds, they seized those of other people. Always ready for war, they sometimes sought it by plundering more advanced tribes or by attacking caravans.

Migra-
tions

More portentous than their seasonal movements are their migrations to find new lands, involving war with the people whose territories are invaded. The Jews moving about north and east of the Arabian desert are good examples, as are the Huns, the Mongols, and the Turks. And their leaders have been among the makers of political history, such as Abra-

About
2100, B. C.

ham, the traditional founder of the Hebrew nation; Attila, the leader of the Huns; Jenghis Khan, conqueror of much of China and indeed of much of western Asia; Batu Khan, leader of the Golden Horde¹⁸ that subdued Russia and penetrated far into central Europe; and Osman, founder of the Turkish Empire.

Died A. D.
453
1162-1227

Early
13th
century

Died
1326

The greatest of these leaders in scope of operations is Jenghis Khan. The first few years of his life were occupied with the subjection of the tribes in his own native land, Mongolia. Then the rest of his work and interest was centered in China and western Asia. All of China, except the southern and western parts, was conquered. Even before this task had been completed, Jenghis Khan entered Turkestan, driving before him the Turkish sovereign. Cities of considerable culture, such as Bokhara, Merv, Nishapur, and Herat were all pillaged, as was the world-famous Samarkand, seat of Arabic culture and sacred to the Mohammedans. As if he desired to imitate Alexander the Great, he not only destroyed Samarkand but entered India, and, like Alexander, he soon left it for conquests elsewhere. He marched victoriously through Georgia into Russia, plundering the district between the Don and the Dnieper. And as if he had done his duty, Jenghis Khan then returned homeward, his troops and servants laden with booty. If a great orderly state extending from the Pacific Ocean to the Caspian Sea had been permanently established, we should have been grateful to Jenghis Khan, but many of his conquests were as rapidly lost as gained.

Jenghis
Khan

A great warrior the cultural nomad has certainly been, also a great trader. Migration frequently brings him into touch with other peoples, and his surplus of animal products is large, especially wool

Trade

and hides. Frequently he enslaves his neighbors to sell them to other peoples, for he has himself little use for slaves as long as he is purely a pastoral nomad. Some of the great slave markets of the world have been on the borders of the districts of pastoral nomads.

Food The food of the people in this stage might be ample, when supplemented by herbs, nuts, and berries, but in fact sometimes, as we have seen, pastoral peoples would almost confine themselves to an all-milk and flesh diet, sometimes to an all-milk diet. This produced a large body, heavy limbs, and a pot-belly. It is a probable theory that men lived longer in the days of a heavy milk diet than at any other time, as is the case in our day among the Bulgarian peasants. The possession of cow's milk was an insurance against a heavy infantile mortality, because when a nursing mother was compelled to wean her baby early, she could readily put it on cow's milk, while otherwise she would have to give it solid food at a time when such food is dangerous.¹⁹ And so more children might be born to a mother and their chance of surviving be greater. In the last two centuries, Europeans, and in the last generation, Americans, have been trying to make their children do without milk, or to get along with scant supply. It is only by a strenuous campaign of education that we can be brought back to the habits of our forefathers.

Planting 13. PLANT AND ANIMAL CULTURE. Rarely, if ever, do we find a pastoral nomadic people settling down in really permanent villages without first practicing plant culture while still in the nomadic stage. It is to be expected that a people so fond of a roaming life as the nomads and so scornful of plant culture would continue to move about while the feeble begin-

nings of the cultivation of the soil were made by women or by slaves. Where we have all the facts, this apparently was always the case; so we may regard it as the rule. Thus tillage and pasture became the two breasts from which the infant people derived their nourishment.

One of the earliest recorded instances of a pastoral nomadic people taking up plant cultivation and then later settling down is that of the Jews, as has already been noted. Probably from the time they left the Euphrates Valley and certainly from the time they left Egypt to return to the land of Canaan under the leadership of Abraham, they were keepers of flocks and herds, pitching their tents where pastures were good and where springs were found or where wells could be dug. But the land they had come to was highly civilized, the people living in settled villages and in towns. So the Jews were induced to add plant to animal cultivation. Doubtless, at first, both pursuits were carried on without giving up the roving life. How long this was the case, of course, we do not know. Apparently Abraham's son, Isaac, practiced plant as well as animal cultivation.²⁰ In the time of Isaac's son, Jacob, there was a strong tendency to settle down, and to intermarry with the native population, as the story of the Shechemites indicates.²¹ In due time the Jews settled in permanent villages, but there were some of them who looked back to nomadic life as the ideal. It was apparently in the 9th century B.C., that this reaction took place. The Rechabites were ordered by their leader to build no house, sow no seed, plant no vineyard, but rather to live in tents.²² They were to worship their old gods and to turn from the god of the Canaanites, Baal, the patron of settled agriculture, the god of corn and wine.

Love of
roving

The love of a roving life is deeply rooted in the heart of man, a fact that is eloquent evidence of the long period and ingrained habits of the two earliest stages of human history, the collectional and cultural nomadic. To-day the Gypsies persist in continuous migration and individuals satisfy something deeply hidden within when they go off on a "tramp," like the Rechabites of old, "strangers" in the land where they dwell.

Germans

Most of the peoples of antiquity had already emerged from this phase of development before their history begins—that is, they had passed beyond the plant and animal phase of nomadic economy. Here and there, however, we find some who had added plant to animal cultivation. The greatest of the Romans, Julius Caesar, described the Germans as primarily pastoral nomads but engaging slightly in plant culture. Most of their food consisted of milk, cheese, and flesh. Every year land was assigned to tribes and clans, for they believed that they must change their abode annually if they were to maintain their vigor and warlike habits. The worst that could happen to them was to substitute agriculture for warfare, to hold landed estates, some of which might be larger than others, with the resultant feeling of social inequality, to come to love money, and to learn to build better houses against the inclemency of the weather. One group of German tribes, called the Suebi, living in the valley of the Weser and eastward, is said to have used corn but not to any great extent, to import (practically to drink) no wine whatever, to be frequently engaged in hunting, and to possess horses which rendered them mobile in war. It was men of such habits, strong in body and clean in their sexual life, that for so many centuries threatened the Roman Empire and finally overthrew it.²³

In Ethiopia, south of Egypt, there were nomads caring for their flocks and herds and growing barley and millet. They still found it necessary to rely upon the pursuits of the collector, to hunt game and gather tender twigs of trees, the lotus, and roots of reeds. This was at the time of Christ.²⁴ Few of the Ethiopians have gone much beyond this stage of civilization at the present time. The Dinkas on the upper Nile are somewhat in advance of the Ethiopians of the earlier period. The men breed cattle, sheep, and goats, and do a little hunting, especially of the wildcat, hare, and turtle; while the female slaves cultivate plants.²⁵

Ethi-
pians

In northern Africa, in Algeria, there is a marked tendency for the pastoral nomads to undertake a little plant cultivation. The pressure of population on a scant soil is very real, and the French government does what it can to help on the movement.

Algeria

In India there are many instances of a pastoral nomadic people having become cultivators of plants without giving up their migratory habits. The Santals of Bengal have cattle, goats, pigs, and fowl, and till the soil. After caring for their crops, they hunt in the woods.²⁶

India

On the steppes of southern Russia, nomadism seems to persist with its old-time vigor. But among the Kirghiz of Fergana we find a beginning of plant culture. The herders take their animals as high as 15,800 feet up the mountain side, while they leave slaves and laborers at about 8,500 feet to cultivate for them wheat, millet, and barley. Part of the winter they spend in the valleys.²⁷

Southern
Russia

14. EXCLUSIVELY PLANT CULTURE. Some peoples left the collectional stage and entered the cultural nomadic stage by cultivating plants only. One of the best illustrations of this, probably in the whole world,

North
American
Indians

is found in some North American Indian tribes. In Canada, along the St. Lawrence, as early as 1635, the Indians were said to cultivate maize, but with the best intentions in the world they were unable to resist the temptation to abandon their crops for a time to go fishing.²⁸ The Jesuit missionaries regretted that the Indians were "wanderers," for it was so difficult to convert them to Christianity when they were now here, now there.²⁹ And it is a noteworthy fact that gradually since the coming of the whites, the Indians have settled down in permanent villages. In New England the colonists frequently observed the plant culture of the Indians. An Indian family had an acre or more to cultivate. After having joined with neighbors to break up the ground, it further prepared the soil with a hoe made of wood topped by a clam-shell. Women and children kept off the birds and weeds. Most of the work, indeed, was done by the women, who had been the chief ones interested in gathering plants in the collectional stage. In the winter the Indians lived in a protected district near a lake or stream; in early spring they moved to some fishing place; and it was only as summer approached that they went to their cornfields.³⁰

Others
without
flocks
and herds

So far as is known, the North American Indians cultivated no animals—that is, they neither pastured nor bred them. This seems to have been true also of the various Indians of Mexico,³¹ of the Chibcha Indians of Columbia,³² and probably of such people of the tropics of the Old World as the Niam-Niam and the Monbuttoo negroes of Central Africa.³³ Few other known peoples developed out of the collectional into the cultural nomadic stage without at some time or other—uninfluenced by the whites³⁴—having cultivated animals as well as plants.³⁵

There is some evidence to indicate that if the Australian aborigine had had a longer time to develop his economic system, he would have become a plant cultivator. Certainly, he made a beginning, even though a feeble one, when in digging yams he returned the heads to the soil to produce another crop. This, however, was followed by no hoeing, weeding, or tending of any kind. But it was a promise of the future.

15. GENERAL ATTAINMENTS OF CULTURAL NOMADS. It is difficult to make any very general statement concerning the food of the cultural nomads except that it was more assured than in the earlier stage. It may not have been more varied than that of the collectors, but it was, at any rate, more dependable. It must be remembered that men still had many collectional habits, and that to the game, wild plants, and honey, were added dairy supplies, flesh of cultivated animals, and many cereals and roots regularly planted and cared for. Not all of these, of course, were cultivated by all peoples in this stage, but some of them were always available.

In collectional economy, men had learned to store food for consumption; in the stage of cultural nomadic economy they stored for further production as well as for consumption. When milk was made into cheese for later use, consumption was provided for; but when cattle were kept over winter, provision was made for further production. Wild cereals had formerly been stored for future use, but now some cereals were laid away for the next year's seeds. We should never forget that this is a matter of great importance—for general as well as material culture, for intellectual as well as economic attainment. Modern science has taught us to associate closely the

Australia

Food

Storage
for pro-
duction

changes of man's nature with the changes in his environment and in his economic pursuits. At the point when our ancestors had developed the foresight sufficient to provide the wherewithal for continuous cultivation, they may be regarded as possessing one of the elements necessary for our modern economic life, saving for the future. This is the foundation of our present capitalistic system, though, of course, it was slow in reaching even its present maturity.

Property In this stage, as in the earlier, there was no thought of individual as distinct from family or clan property in land. Ownership of some personal property probably existed from the first, but the amount of personal property was still small, apart from flocks and herds, and these were always vested in the group and not in the individual.

Family The group rather than the individual constitutes the basis of this, as it did of the earlier stage of development. The smallest group, in this stage not so distinct as later, was the undivided family, made up of father, mother, unmarried children, and married sons with their wives and children. Then came the camp, consisting of several, five or ten, more or less, of these families. Several camps constituted a clan, or kinship group, and several clans a tribe. Among the pastoral nomads of Asia, several tribes would form a folk, and several folks a horde with a khan as sovereign, for instance, the Golden Horde of which Batu was khan in the thirteenth century.³⁶

Variety in work Man had more varied occupations in this stage. Not all of his time was spent in getting the day's food. More of it than ever before was devoted to manufacture,³⁷ trade, and war. In these respects, as in others already noted, we feel that the cultural nomad was more nearly approaching our present order of life.

Throughout the stage there was a ceaseless struggle between polygyny and polyandry and between freedom and slavery. The important work of cultivating or hunting animals was man's business, and accordingly women were at a discount, though they were still useful for collecting herbs and roots. Accordingly, a group of men would take one wife (polyandry), the surplus of women being kept down by killing female infants. But there were forces at work making for polygyny. When a tribe was rich in animals, every man could enjoy the luxury of at least one wife. And when the tribe was engaged in frequent warfare, it was almost necessary for a man to have more than one wife, so that the birthrate would be high to make up for the waste of life involved in warfare. Plant culture also put women at a premium, for men disliked the drudgery involved. Accordingly, a man sought two or more wives to work in the gardens.

Marriage

Hand in hand with this went the struggle between freedom and slavery. The alternative to women cultivators was slaves, male or female. For procuring slaves the cultural nomad was very favorably situated. He made captives in war and was well able to make raids on his neighbors, stealing women especially. If he was a pastoral nomad, he might sell them; if he cultivated plants as well as animals, he would keep them. In slavery we have one of the great advances in history, for it meant regular labor, the parent of our systematic industrial life of the present day. No free man in early times could bring himself to continuous sustained labor. Only women and slaves—the two were not vastly different—would work from morning to night at one task.

Slavery

And so once again we see a division of employment

Division
of em-
ployments

based on sex. The man cared for the animals, while the woman cultivated the soil. Although it is true that each helped the other somewhat, the division of tasks was clearly marked. It followed the lines laid down in the collectional stage when men hunted and fished, and women gathered herbs and roots.

Summary
of eco-
nomic
activity

It should be remembered that three economic practices characterized the people in this stage: (1) they engaged in cultivation, either of plants or animals, or both; (2) they moved about from place to place; and (3) they supplemented cultivation by collectional pursuits. As we pass from stage to stage in human history, taking on new habits and engaging in new pursuits, we do not wholly give up those of the preceding stage. And so, much of what was said of men in the collectional stage can still be said of them in the cultural nomadic stage. Janus-like, the cultural nomadic stage looked both forward and backward. It was a step beyond the old and a step toward the new.

16. SUGGESTIONS FOR FURTHER STUDY.

1. Are modern Gypsies cultural nomads?
2. Distinguish "hunting nomads" (of collectional economy) from cultural nomads.
3. Is it preferable to call this stage "cultural nomadic economy" rather than simply "pastoral economy"?
4. Read Caesar's *Gallic War*, books IV and VI.
5. Collect the different meanings of the word "culture."
Consult a dictionary.
6. In the struggle between collectors and cultural nomads, where did the advantage lie? Why?
7. Illustrate: (a) some culture nomads first engaged in animal culture (pastoral nomads) and then in animal and plant culture (pastoral and planting nomads), while (b) others were concerned only with plant culture (planting nomads). Which

(a or b) is the normal? Which was found in America and which in Europe, Asia, and Africa?

8. Would "hoe culture" (a term used by anthropologists) sufficiently describe the plant culture of this stage?

9. If there had been wild horses and wild cattle in America, would the redmen have become pastoral, as well as planting, nomads in the course of time—without any interference on the part of whites? What influences other than lack of horses and cattle would have worked against this development?

10. Enumerate the economic cultures, other than nomadic, which exist to-day; for example, fish culture.

11. Which economic cultures seem to be diminishing (animal culture?), and which seem to be of increasing importance (forestry?) Why?

12. Study pastoral conditions in such lands as western United States, Argentina, and Australia. Read J. Collier's *The Pastoral Age in Australasia* (1911), chap. II and others.

13. Are the American rangers and ranchers with their cowboy servants to be regarded as cultural nomads?

14. Enumerate and explain the differences between American cattle ranchers and cultural nomads as described in the text. See E. Hough's *The Story of the Cowboy* (1897); A. H. Sanford's *Story of Agriculture in the United States* (1916), chap. xx; and Owen Wister's *The Virginian, a Horseman of the Plains* (1902.)

15. Compare cultural nomadism with modern European emigration, as to causes, periodicity, unit of people migrating (individuals, family, or clan), and results.

16. What factors tend to keep people in the cultural nomadic stage?

17. Which is probably the shorter stage, this or the preceding?

18. On the wanderings of the Germanic peoples, see C. Kingsley, *The Roman and the Teuton* (1863), and E. Emerson *An Introduction to the Study of the Middle Ages* (375-814), chaps. III-VIII (1888).

19. What was the significance of the horse for the political life of nomads? Name some mounted nomads? How about

the Cossacks? Could any American Indians after the coming of the whites be called mounted nomads?

20. Read Sir Robert K. Douglas' article on Jenghis Khan in the *Encyclopædia Britannica*.

21. A strong claim can be made for collectional economy as a stage of great accomplishments of an elemental character. Can such a claim be made for the cultural nomadic stage?

22. Describe a day spent with cultural nomads. Scene: breaking up the winter camp for migration to summer pastures, the chief receiving ambassadors from another people bearing an invitation to trade, women planting the crops, others packing up, men rounding up the cattle, others repairing wagons, a few men making weapons at the forge in anticipation of war on the march. Conceive and describe other such scenes.

23. Do you observe any overlapping of economic history, anthropology, and sociology? Illustrate.

For further detailed work, consult the books and articles in the notes following.

17. NOTES TO CHAPTER II

1. The old theory was that early peoples went through three stages, hunting (collectional), pastoral, and agricultural. This was the view of Dicæarchus (4th century, B.C.), of Varro (1st century, B.C.), of Condorcet (1793), List (1841), Nieboer (1900), Vinogradoff (1905), and Hobhouse, Wheeler, and Ginsberg (1915). In 1874, however, Gerland asserted that in remotest times plant culture preceded animal culture, and that later some peoples became nomads and others hunters. In 1875, Hellwald, and in 1893, Bücher, doubted whether the traditional three stages were universally true. In 1896, Hahn put different forms of plant culture before animal culture. In the same year Grosse held that the pastoral stage was not invariable. In 1897, Bos placed hoe culture before pasturing. Pumpelly, in 1908, maintained that agriculture preceded the domestication of animals in prehistoric Transcaspia.

There are perhaps four different categories: firstly, peoples in the Old World, about whom we have a good deal of information, who were first collectors, then pastoral nomads gradu-

ally taking up plant culture while still nomadic, then, in case they progressed far enough, settled villagers engaging in agriculture; secondly, peoples in the New World who passed from the collectional stage directly to plant culture while still nomads; thirdly, a large group of Pacific Ocean peoples about whose early history we have little certain information, the Chinese (said to have been nomads from the region of the Caspian Sea), Mexicans, Peruvians, Melanesians, Polynesians, and Micronesians, except that they were found engaging in both plant and animal cultivation, the first and third of whom did not use the milk of their animals, and the last five of whom did not use the animals as beasts of burden in agriculture (See P. R. Bos, "Jagd, Viehzucht, und Ackerbau als Culturstufen," in *Internationales Archiv für Ethnographie*, vol. X (1897), pp. 190, 197); and fourthly, Egyptians, Babylonians, Assyrians, and Syrians, who cultivated both plants and animals and used the milk of the latter. In the fourth, as in the third case, we have no positive information as to whether animal or plant cultivation came first. It may be that one environment dictated that animal should precede plant cultivation, while another environment reversed the order; or, as is not unlikely, that the two sometimes went hand in hand, animal culture carried on by man and plant culture by woman.

The view taken here allows for both theories, stressing not the precedence of animal culture or of plant culture, but the fact of a culture of some kind combined with movement from place to place.

2. Strabo, *Geography* (Bohn's Classical Library), vol. III, pp. 202-203. The neolithic cave-dwelling peoples of Italy are thought to have been pastoral. T. E. Peet, *The Stone and Bronze Ages in Italy and Sicily* (1909), p. 87.

3. Ammianus Marcellinus, *Roman History* (trans. by C. D. Yonge, 1862), pp. 11-12.

4. Herodotus, *History* (trans. by Rawlinson, 1910), vol. I, p. 109.

5. Strabo, *Geography* (Bohn's Classical Library), vol. I, pp. 454, 461, 471; vol. II, pp. 220, 247-248.

6. Ammianus Marcellinus, *Roman History* (trans. by C. D. Yonge, 1862), pp. 583, 622.
7. See the descriptions by Ammianus Marcellinus, Priscus, Jordanes, and Gregory of Tours.
8. The inference is based upon the assumption that the Huns were similar to the Scythians described by Hippocrates in the 5th century, B.C. (Airs, Waters, and Places. *Genuine Works*, 1849, vol. I, p. 212), and to the Hiung-nu of Chinese history (E. H. Parker, *A Thousand Years of the Tartars*, 1895, pp. 2, 5, 6).
9. Homer, *Odyssey* (trans. by G. H. Palmer, 1891), p. 47.
10. Herodotus, *History* (trans. by Rawlinson, 1910), vol. I, p. 354.
11. Strabo, *Geography* (Bohn's Library), vol. III, p. 287.
12. *Ibid.*, pp. 279-280.
13. A. Bernard, and N. Lacroix, *L'Evolution du Nomadisme en Algérie* (1906), pp. 114, 119, 207-208, 261-264, 272-275, 288-289.
14. F. Ratzel, *History of Mankind* (1885-88, trans. by A. J. Butler, 1898), vol. II, pp. 476-477; J. G. Frazer, *Totemism and Exogamy* (1910), vol. II, pp. 354-358.
15. J. G. Frazer, *Totemism and Exogamy* (1910), vol. II, pp. 514, 534, 540.
16. W. H. R. Rivers, *The Todas* (1906), pp. 32, 38, 478, 479, 515, 630.
17. J. Acerbi, *Travels through Sweden, Finland, and Lapland* (1802), vol. II, pp. 49, 77, 105, 107-109, 182-189, 190-191.
18. For description of his camp, see W. de Rubruquis, *Itinerarium* (1253), in Hakluyt's *Principal Navigations*, vol. I, (1903), pp. 272, 273.
19. The whole subject of the effect of an all-milk diet would repay careful investigation. There is, of course, no question about the value of the milk for infants but much about its effect on adults.
20. Bible, Genesis, chap. 26; 12.
21. Bible, Genesis, chap. 34.
22. Bible, Jeremiah, chap. 35; 7.

23. Caesar, *The Gallic War* (trans. by H. J. Edwards), books IV and VI.
24. Strabo, *Geography* (Bohn's Library), vol. III, p. 270.
25. G. Schweinfurt, *The Heart of Africa* (1878), vol. I, pp. 54-60.
26. J. G. Frazer, *Totemism and Exogamy* (1910), vol. II, pp. 300-303. Cf. F. Ratzel. *History of Mankind* (1885-88, 1898), vol. III, p. 378.
27. J. Peisker, *Cambridge Mediæval History* (1911), vol. I, p. 340.
28. Le Jeune in *Jesuit Relations*, vol. VIII, pp. 33, 35.
29. *Ibid.*, vol. VI, pp. 83, 147.
30. C. C. Willoughby, "Houses and Gardens of the New England Indians," in *American Anthropologist*, N. S., vol. VIII (1906), pp. 125-131.
31. F. Ratzel, *History of Mankind* (1885-88, 1898), vol. II, p. 179. For the North American Indians, see above, p. 32.
32. O. F. Cook, "Food Plants of Ancient America," in *Annual Report of the Smithsonian Institution* (1903), p. 493.
33. G. Schweinfurt, *The Heart of Africa* (1878), vol. I, p. 283, vol. II, p. 39. With the exception of the North American Indians, the peoples mentioned in the text are known only after they had settled down, but the absence of cattle in the village stage generally indicates their absence in the nomadic stage.
34. Good illustrations of the adoption of animal cultivation from the whites is found in North America in the case of the Navajos and in South America in the case of the Tobas. For the latter, see A. Thouar. *Explorations dans l'Amérique du Sud* (1891), p. 66 f.
35. Other peoples, either of great antiquity or known only within recent times, *may* have left the collectional stage to become plant cultivators and then settled down in permanent villages. After having settled, they *may* have domesticated animals to supplement plant culture. But the chief point of this chapter is that, while still nomads, men did cultivate systematically either plants or animals or both. See above, chap. II, n. 1, and below, chap. III.

36. J. Peisker, *Cambridge Medieval History*, vol. I, (1911), pp. 333-334.

37. Metal working among some cultural nomads has been prominent and smiths constitute a distinct class among Arabian nomads,

CHAPTER III

SETTLED VILLAGE ECONOMY

18. **SETTLING OF THE VILLAGE GROUP.** Gradually and reluctantly the cultural nomads settled upon the soil. The process of settlement was usually long drawn out. At first they settled in one place for a period of from five to ten years, and then moved on to another place after having exhausted the fertility of the soil. These we may regard as at least half settled.¹ It is only when residence in one spot is continuous from season to season, and is ostensibly permanent from year to year, when no change is contemplated, or is part of the regular order of events, that a people may be thought of as really settled, as having entered the stage of "settled village economy."²

Process
of settle-
ment

In the collectional and cultural nomadic stages, men lived in small groups, generally clans, for purposes of economic production, and in larger groups, ordinarily tribes or nations, for purposes of warfare. Sometimes the clan settled down in one village. A large clan, however, might occupy several villages, while many clans ravaged by famine or disease might unite to form a single village.³ Probably there was no uniformity. This, however, can safely be said that the village was primarily—that is originally, a kinship group.⁴

Nomadic
groups
settle
down

Early
village a
closely
knit unit

It is very difficult for one who has in mind the American or Canadian "village," to understand the early villages that were formed when men first settled down in permanent abodes. The village group of earliest times was not merely a collection of houses. It was a group of people, a social unit, primarily for economic production but also for government, religion, and social intercourse. It was not a place with a general store, an inn, and a post office. All of these were, in fact, lacking. Its economic function was neither trade nor traffic, but animal and plant cultivation. If the American and Canadian farmers had settled down in villages, rather than in scattered homesteads, the difficulty of inducing them to co-operate would not have been so great. Indeed, some of our modern co-operative rural societies originate in the village groups of the Old World, which in spite of centuries of individualism round about them, have maintained a co-operative spirit.

Village as
a territorial
area

The village, however, was more than a group of persons; it gradually became a territorial area. In the two preceding stages (the collectional and the cultural nomadic) there had often been unoccupied zones between the groups, and in the course of time, a group would change its general location. The village center, however, was definitely settled on some piece of land. At first the outlying parts would be no man's land, but gradually as settlement proceeded, and the old village groups extended their areas or new ones arose as offshoots of the old, the village area would become fixed.

Essentials
of civilization

There have been various views as to what has been essential to civilization. It has been maintained that there can be "no civilization without milk," that roots and cereals have been indispensable, that man has

risen to higher things on the back of a horse, that pottery was necessary, and also the alphabet. It is probably safe to say that there could be no civilization without permanent settlement. Until man had settled down there could be only a limited amount of progress. As long as so much of man's attention and efforts was occupied in moving from place to place, there could be only a superficial cultivation of plants, little or no architecture, and no considerable manufacture without permanent workshops and tools heavier and more complicated than could be carried from place to place.⁵

The process of settling down has been a long one. It has occupied, we may safely infer, ten thousand years of human effort, and is not yet completed. All tradition and such fragments of early history as we have, indicate that the earliest settlements of historic peoples took place in Egypt, Babylonia, and China, several thousands of years, B.C. The Greeks had already settled when the *Iliad* was composed about 1000 B.C. The traditional founding of the settled village which afterwards became Rome was in 753 B.C. The Kelts settled in about the 5th or 4th century B.C., and from that time on to this, hardly a century has elapsed that has not witnessed the settlement of at least one important people. The most prominent historical illustration is the prolonged wandering of the various German tribes in search of suitable lands and their final and permanent residence in the territory which they have since occupied. During the first century A.D., the Germans were settling down along the eastern and northern borders of Gaul. In the 5th century A.D. the West Goths settled in Spain, the Franks and Burgundians in France, and the Jutes, Saxons, and Angles in England. And in the 6th cen-

Process
of settle-
ment

In
ancient
times

In west-
ern
Europe

Slavs

tury the Lombards established themselves in northern Italy. In the next few centuries the Slavic peoples settled down, approximately where they are to-day. These same Slavs were divided into groups, the southern Slavs of the Balkan Peninsula and the northern and eastern Slavs of Bohemia, Poland, and Russia, by the incoming of the Magyars, who settled in Hungary in the 10th century A.D.

Algerian
"Arabs"

With the possible exception of a few nomadic peoples in Russia and the far north, the processes of settlement in Europe are complete. But in Asia and Africa they are still under way. One notable example is found in North Africa. The Algerian "Arabs" have been slowly settling, especially in the last two generations. The tent is giving way to the house. At first the house was just for winter residence. During the summer the great bulk of the Arabs would go off on their search for good pasture lands, leaving a few agricultural laborers to till the soil. Then gradually and reluctantly the whole people would settle down in a village with their houses clustering around their most valued possessions, their live stock.⁶

Causes
of settle-
ment

Both among the Arabs of Algeria and the Kirghiz of southern Russia, one of the most prominent causes of settlement is the loss of cattle. In other instances, it might be a failure of the crops, sown but not tended by the nomads, or just the inadequacy of the old methods in the face of a growing population. The simple fact that even early peoples could easily see, is that an acre of ground will provide for more mouths when carefully cultivated than when used for pasture. Such cultivation can be carried on only by a settled community.

Sometimes, as in Palestine, the factor that decided

the choice of a village site was a well. The early Germans settled beside a spring, or plain, or grove that pleased their fancy.⁷ In the French Congo today, a hillock on the bank of a river is a favorite spot, a place where water is accessible, but high enough to avoid the floods. In case of settlement on the borders of hostile tribes, the location would be determined by the needs of defense. But everywhere the prime consideration is fertility of the soil, a surface fertility such as would be readily available under early methods of cultivation, which utilize only the first few inches of the ground.

Place
of settle-
ment

First
century
A. D.

19. FORM OF THE SETTLED VILLAGE. One general form of village is the compact or nucleated group of houses. It is without any special arrangement, such, indeed, as we find in many parts of Germany and England. It has, in fact, been called the "heap-village," one that was just thrown together like a heap.⁸ The houses lie near together, each with its garden close at hand, and here and there is a path. Later, as transportation develops, the main paths become roads.

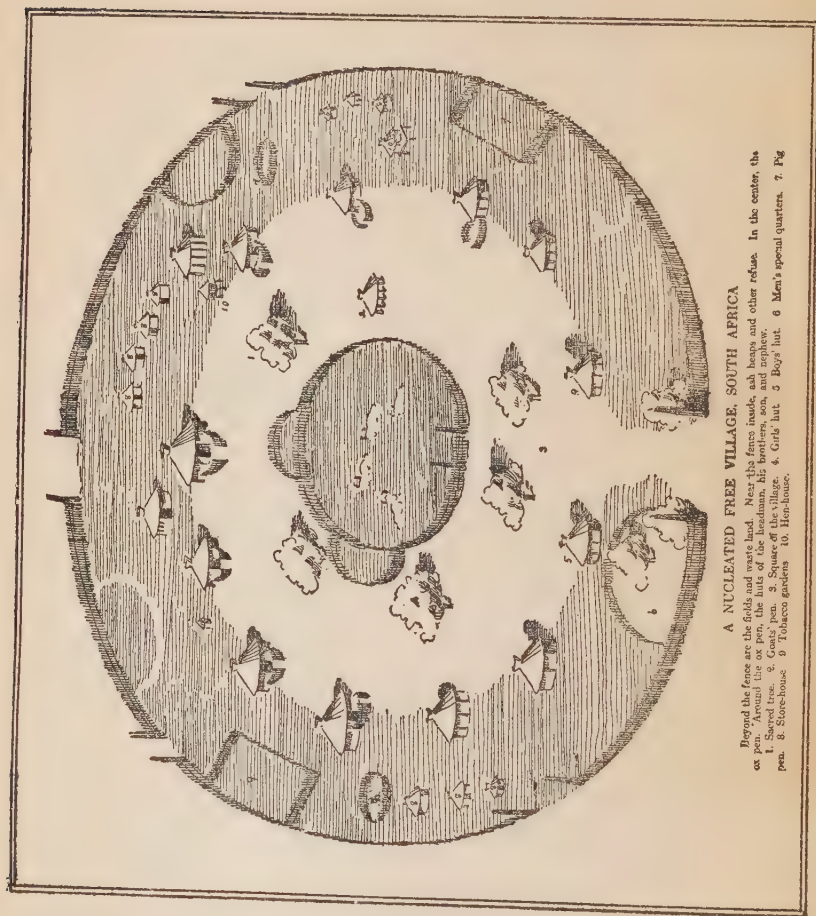
Nucleated
(com-
pact)
village

The round or oval village belongs to the same category of compact settlements. This is found in such widely separated lands as Russia⁹ and New Guinea.¹⁰ The short-street village is also compact and geographically widespread. We see it in the French Congo¹¹ as well as in China.¹² Among one of the peoples of New Guinea, the short-street village has the form of a rectangle.¹³

Round

All compact villages lend themselves to defense.¹⁴ The houses are ordinarily located in the center of the village area to which all can easily come to defend their possessions. Within the cluster of houses is an open space, commons such as we still find in the

Defense



villages of Old and New England. Originally this may have been an enclosure into which the flocks and herds were driven at night,¹⁵ or the meeting place near a sacred tree or temple, or just a palaver spot.¹⁶ At any rate, there are two lines of defense, one at the border of the cluster of houses and the other at the central part of the village. Sometimes we find that the cluster of houses is removed from the fields, the former being on the mountain-side and the latter in the valley. Among the Berbers of North Africa, we find the houses built one above the other close together, each higher up the hill than the outlying one, so that each house, made of stone, is a miniature fort, and the village thereby able to withstand its enemies. In the case of one tribe of the same people, the houses are built on terraces on the hillside, so that each row constitutes a distinct line of defense.¹⁷ In India the village nucleus of houses is surrounded by mud walls which serve both to keep off marauding bands of thieves and to resist oppressive tax collectors.¹⁸ The Chinese village has long had similar defenses, often allowed to fall into decay but quickly repaired when trouble draws near.¹⁹ One might think that the slumbering China of popular tradition would need no such local defenses. However, until recently China has been under the heel of foreign conquerors from the north, whose rapacious soldiers and agents it might be advisable to exclude, unless, indeed, they had behind them the authorization of the Imperial Court. And at the present time owing to internal political dissension, the walls are of service in keeping out robber bands. Among the Indians of New Mexico and Arizona, the defensive side of the villages was so prominent as to lead us to think of them as towns, as the Spanish explorers called them. They

Berber
village

Chinese
village

Indian
village

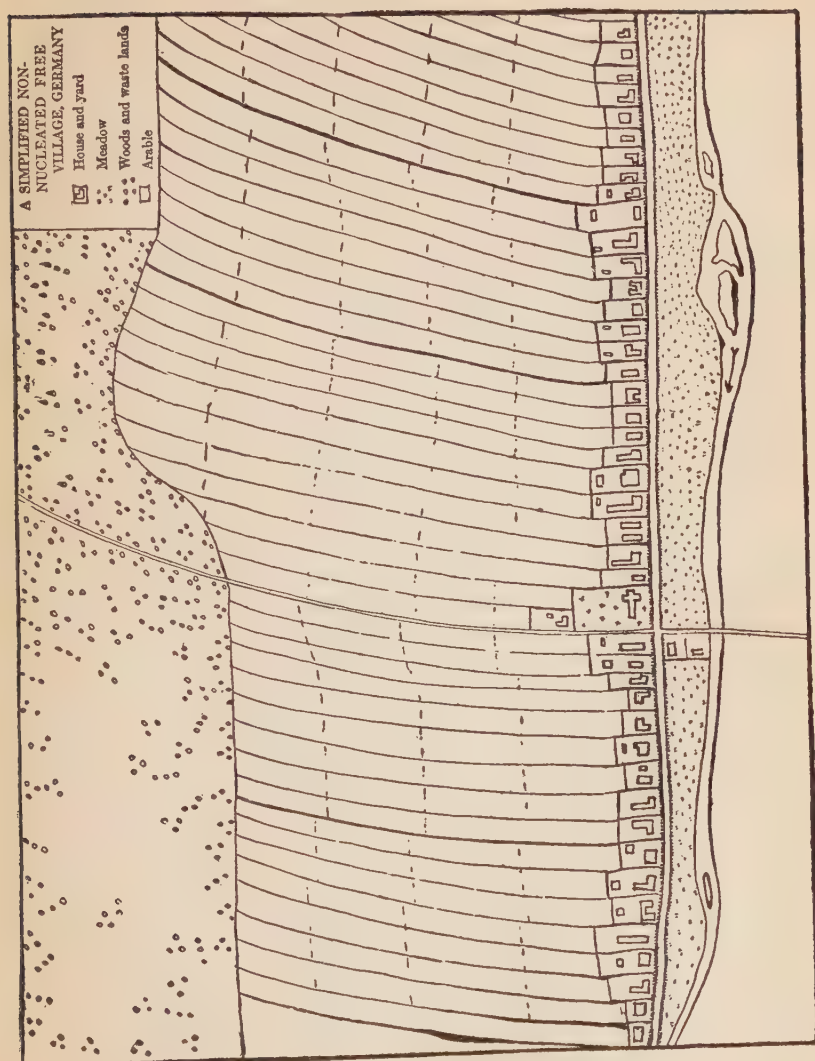
were often built on a precipitous hillside, access to which was by means of steps cut in the rocks. The houses were entered by a ladder leading to the roof. The fields of such a village might be far away in the valley. In the summertime the inhabitants, or many of them, would live in temporary huts near the crops.²⁰ Of late years, because of the peace that the American government has brought to these peoples, they are deserting their fortified villages in favor of their summer villages near the fields.

Non-nu-
cleated
village

Besides the compact village, whether fortified or unfortified, there is the village that is well spread out, the houses being on or near the holdings of the cultivators. Such a village is still a group of persons, still a territorial area bearing a name, still capable of some kind of defense because of its common interests and common feeling, but since it has no fortification, its defense is very weak. Sometimes the farmhouses of the village are scattered over the whole area, while a few buildings, such as a church and a blacksmith shop, as well as a marketplace, may form a center for the whole village. The outstanding fact, however, is that the holdings or estates are themselves contiguous units, the houses and fields being in close proximity. Such a type of village occurs frequently in France and western Germany, and is apparently an inheritance from the distant past.²¹

Long-
street
village

The long-street village,²² non-nucleated of course, is fairly common in Europe, and is found also in Quebec, Nova Scotia, and Maine. One goes down the main street or road, past house after house. He has been informed that he is in a village bearing such and such a name, and that the next village is a mile or two away. But so continuous are the houses that he is well into the next village before he realizes the



fact. Such villages occur along the seacoast, near a forest, or a swamp. In such cases the holdings of the cultivators extend in parallel fashion down to the seacoast, the forest, or the swamp. Sometimes where estates are divided among all the children, the holdings run like ribbons, occasionally for miles, wide enough to accommodate only a house along the roadside.

Hamlet
groups

Some villages are made up of hamlets, and may accordingly be called "hamlet groups." The hamlet itself consists of from two to five or six houses, and all the hamlets lie fairly close together. In the north-western provinces of India, we find such villages.²³ In Central Africa, one people formerly living in palisaded villages now live in hamlets of five or six families each.²⁴ And in Japan²⁵ and New Guinea,²⁶ such hamlet groups take their names from the principal hamlet.

Variations and
combinations

Sub-
villages

There are, of course, many variations and combinations of these two types of villages, the nucleated and the non-nucleated. A variation is seen in India, where we find sub-villages on the outskirts of some communities, like the "sub-urbs" surrounding our towns. Here live the outcasts, certain laborers, servants, persons of ill-fame, and criminals.²⁷ A combination of the two types of villages is found on the Ivory Coast of Africa among the Siena negroes. Here we see large nucleated villages where most of the members of each family reside, while the other members live in scattered huts from five to twenty miles away, convenient for the cultivation of their holdings.²⁸

Factors
determining
form

The explanation of these different forms is not a very simple matter. Some hold to the view that one race establishes one type, another race another type, for example, the Germans the heap-village, the Slavs

the round and street-villages, and the Kelts the scattered village.²⁹ Others explain these variations by the peculiar circumstances of settlement.³⁰ The necessity of protecting men and animals from marauders gives rise to the nucleated village, while the need for protecting crops and fields from birds and other enemies leads to the non-nucleated village. The latter will be realized only in case there is peace through lack of enemies, or through protection afforded by conquerors. So we have as conflicting factors leading to different types of villages, war and animal cultivation on the one hand and peace and plant cultivation on the other.

The first factors—that is, war and animal cultivation, have already been considered and are more or less obvious. The latter factors, peace and plant cultivation, need to be briefly noted. Among the Bongo negro people of Central Africa, palisaded villages under chiefs once prevailed, but when the people were conquered by the Nubians, they changed from villages to hamlets of five or six families.³¹ The advantage of the village was defense, but when this was no longer a factor, the next most important consideration was the crops. Possessing but few sheep or cattle, the conquered Bongos were chiefly concerned with living near their fields. Similarly in Madagascar to-day the nucleated village is being scattered because, under the peaceful regime of the French, there is no desire but to be near the fields. Among the Niam-Niam negroes of Central Africa, the villages are of the scattered type. These people have no flocks or herds but are devoted to their crops, near which they build their huts, sometimes at great inconvenience to themselves, for they may be far from the source of supply of both water and firewood, and

Peace
and plant
cul-
tivation

always they expose themselves to the ravages of white ants.³²

Public
works as
the fifth
factor

Wherever considerable public works had to be undertaken before a village could be established, such as the burning of jungle land to clear a large healthful area fit for human habitation, and especially where public works, such as are involved in irrigation systems had not only to be initiated³³ but to be maintained, the tendency was towards a nucleated type of village, in which the community element of the group was strong. When living near together men could best arrange public duties. In the case of irrigated lands, such as Egypt and Babylonia, the additional reason prevailed that it was better to have the houses together on one high piece of ground well banked up from the flood waters, and connected with other villages by dike-like roads, than to have every cultivator live on a hill or high piece of ground and to have his homestead connected with other homesteads by roads that were very costly to maintain.

Soil as
a factor

Another factor, the sixth to be considered, is the nature of the soil. Where the soil is rich, or fairly fertile, on the plains or in broad valleys, the nucleated village is established. Here the whole village group can find a patch of ground sufficiently large to provide every household with an adequate space of arable land and of pasture and woodland. Here, then, we may find a normal situation, the typical case. Since the first settlements were on the best lands and since animal culture was of great importance at the time of settlement, and since warfare was common among the settling peoples (especially among those occupying the best lands, who naturally had to defend themselves against those about to settle), we may say that the nucleated form of village was the rule,

Normal
village

and all others the exception. This would apply to Europe generally. But where the lands were poor, the exceptions would be numerous. It has already been noted that the street villages were near a marsh, a forest, or a seashore, and on soil often unfertile. Thus we can explain the form of the early villages, not on any one ground alone, but on all those mentioned above.³⁴

The same factors that led to the establishment of non-nucleated villages, have made for the creation of scattered homesteads and hamlets, which cannot be regarded as villages at all. In Scandinavia³⁵ we find many scattered homesteads, and also hamlets of a few houses. These are not racial peculiarities; they were not established by choice, but because only here and there could a patch of fertile ground be found sufficient for a family, or a very small group of families, rarely enough for a village group. The same condition is found in northern India, and in some parts of China.³⁶ In Wales, from at least the 12th century, the hamlet has prevailed,³⁷ due, probably, simply to the barren nature of the soil.

Scattered
home-
steads

Here then is a great force at work, our environment. Man seeks to better his economic condition by settling down in villages. The type of village he will form depends on the conditions in which he finds himself. His preference is the village of many families somewhat like the group of the cultural nomads of the previous stage. But in some places his habits and those of his ancestors must be changed; he is compelled to content himself with hamlets or scattered isolated farmsteads.

Natural
environ-
ment as a
factor in
economic
history

20. FIRST PHASE OF SETTLED VILLAGE ECONOMY: THE FREE VILLAGE. In the history of settled village economy we observe that there are two phases. In

Two
phases of
village
economy

the first the village was free—that is, it was free from a lord. No nobleman, no bishop, no monastery claimed a whole village as exclusive property. Political chiefs existed and to these the villagers owed allegiance, but there was no feudal nobility, no class of landed aristocracy collecting rents and demanding services from the whole village. In the second phase, such aristocracy did exist and, indeed, when the phase was well developed, there was no land, no village, without a lord.

Classes
in the
free
village:
Freemen

In the free village there were two general classes of people.³⁸ The first and more important was made up of free men, the normal and average villagers. Some of these might own more land and more cattle than the others, and be more skilled in war and surrounded by more military followers than others. These might be called “nobles” or “barons,” “men” *par excellence*, but they were essentially the same as the poorer freemen.

Slaves

In the village that was free as a village, there were people who were not free as individuals. Slaves had existed in the cultural nomadic period and were of much greater use in the settled village because of the aversion of freemen to the continuous labor which settlement involved. Some of the slaves had been taken in war, some won in gambling, some bought from nomad slave dealers, and some born as the children of slaves. We must not think of these slaves as all alike in their subordination to their masters. While some were attached to the person or household of their owners, others were allowed to cultivate land partly for themselves and partly for their lords.

Some slaves won their freedom and these freedmen stood as visible proof of the possibility of changing one's status, as did the newly enslaved who had

staked and lost their freedom in a game of chance. But our main interest at this point is in neither slave nor freedman but in the fact that the free man was the typical citizen and that the group of villagers acknowledged no dependence upon a lord. There is no need to dwell at length upon this condition because it is essentially a continuation of the cultural nomadic stage. What does merit attention is the kind of cultivation carried on in the free village.

Freemen
typical

The earliest free villages of normal development reflected rather closely the activities of the previous cultural nomadic stage, as we might expect. Animal culture was normally all-important, while plant culture was occupying a larger and larger place in the lives of the people. These two had been developed separately in the nomadic stage, and they remained separate, or largely separate within the village, for a certain time during this first phase of settled village economy.

Animal
and plant
culture

During the cultural nomadic stage, flocks and herds had been pastured in moving from place to place. In the stage of village economy they were provided for on three or four different kinds of lands. The commons, so important for pasture at a later date, were, when the village settled, little more than a pound or resting place. The waste lands on the outskirts of the village³⁹ were by long odds the most important source of food for the cattle, sheep, and goats. The arable lands, when worked out and abandoned, were turned over to the animals to graze upon, as one can observe to-day in Madagascar. In cold climates it was necessary to provide the cattle with hay in the winter, and accordingly the hay fields or meadows would constitute a fourth source of pasture after the hay had been harvested.

Village
pasture

Distant
pastures

In some countries, where it was possible to maintain a great many animals in the village during the most favorable season, arrangements had to be made to pasture them elsewhere during the rest of the year. Although this may be regarded as the exception rather than the rule, it has been and is widespread, existing in ancient times near Rome⁴⁰ and in the Delta district of Egypt,⁴¹ in the Middle Ages and early modern period in Spain,⁴² and in modern times in the Alps,⁴³ in Norway,⁴⁴ the Hebrides,⁴⁵ and the American Northwest.⁴⁶

Plant cul-
tivation

While men occupied themselves during this phase of village economy with animal culture and with war, women were engaged in cultivating the fields just as in the nomadic stage. Sometimes the men cut or burned down the trees on a plot of ground, leaving the cultivation solely to the women. Sometimes they aided the women in planting and harvesting, but not in the care of the crops. At any rate, plant cultivation was woman's occupation, unless it was perchance done by slaves or by men who had lost all their cattle and were compelled to labor indefinitely for others who still possessed herds.

In nu-
cleated
village

In the case of the non-nucleated villages, the women would cultivate fields near their homes, as they do to-day in some parts of the world.⁴⁷ But in the more typical case of the nucleated village, all the cultivation would be done in one field set aside for the use of the whole village; it might be at some distance from the houses. This single field would be divided into as many holdings as there were families, probably each holding being compact—that is, in one piece. The holding of each family would be little more than a garden, small in size, cultivated with a hoe or spade, and not manured. The crops would be various, cereals such as barley, wheat, rye, or millet, pulse

such as beans or peas, and root crops such as manioc and sweet potatoes in the warmer regions. There was little or no thought of conserving the fertility of the soil, for land was still plentiful; and when the one big field or tillable area was worked out, it was abandoned to the herds for an indefinite period and another space occupied and similarly treated. Indeed, the whole procedure shows but little advance over the plant cultivation of the nomadic stage. Apparently man could learn only one thing at a time. The problems involved in settling down, and especially in providing for the animals under new conditions, seem to have prevented improvements in plant cultivation. But one advance is apparent; the permanent residence of the people gave an opportunity that the nomad did not have, for the prevention of injury to the crops by weeds, vermin, and birds. This was largely the work of women and children.

Among the Kelts of Gaul at the time of Christ, the women were said to be giving up their agricultural labor to the men.⁴⁸ This was made possible by the peace that Rome imposed upon the Kelts. About twelve hundred years later, we find the Kelts in Ireland in substantially the same condition as their kinsmen had been on the mainland. They were living in settled villages, doubtless leaving plant cultivation to the women. They depended chiefly on animal cultivation, but nevertheless they did sow small patches of land.⁴⁹ The tillage, however, was of the usual superficial type. About the same time (1190), the Kelts of Wales were also dependent largely on their flocks and herds. Milk, cheese, butter, and flesh constituted their chief food. Oats, however, were cultivated, doubtless by the women, for the men were almost constantly engaged in war or martial exercises.⁵⁰

Kelts
of Gaul

Of
Ireland

Of Wales

North
American
Indians

When the white man explored and colonized North America, some of the natives were in this first phase of settled village economy. The French explorer Jacques Cartier in 1535 described Hochelaga, later Montreal, as a settled village, the inhabitants of which were devoted to plant cultivation, the women working more than the men.⁵¹ Many Indian tribes were found living in permanent villages and subsisting largely on Indian corn.⁵² Prominent among these were the Hurons residing near the great lake that now bears their name,⁵³ the Armouchiquois of New England,⁵⁴ the Senecas of New York State,⁵⁵ and the Illinois Indians.⁵⁶ It is interesting to note that we have used the North American Indians to illustrate the collectional, cultural nomadic, and settled village stages. Nothing could more clearly indicate the different conditions of their material culture. Generally speaking, those to the east and south were more advanced than those to the north and west. Progress had been made, but the limit was probably reached very early in this first phase of settled village economy, though there was some promise of further advance among the Indians of the lower Mississippi Valley where the men were engaging in plant culture.⁵⁷

Free vil-
lage in
Africa

Perhaps there are no better illustrations of this phase than among the negroes and Bantus of Africa. In the French Congo the men fell the trees and clear the land somewhat, leaving, however, the headless stumps and prostrate trunks lying on the ground. Between these the women cultivate their crops.⁵⁸ Among the Nandi of Uganda, we find the men not only clearing the bush but helping to sow and even to harvest the crops, leaving to the women all the weeding.⁵⁹ In British East Africa there is an interesting case of animal and plant cultivation carried on by

different peoples. The Bahima (Bantus) herd cattle and rely chiefly on milk for food. They love their cattle, pet them, and sometimes on the death of their stock they are said to commit suicide through grief. The Bahero are the tillers of the ground and slaves of the Bahima, doing the work performed in other places by women.⁶⁰ Elsewhere in Africa, indeed, we find the natives advanced beyond the system of cultivation we are now dealing with, notably the Siena negroes of the Ivory Coast.⁶¹

Forces were at work which, without greatly affecting the free status of the village, did profoundly change the nature of the system of cultivation. One is increase in population and the other a greater amount of peace.

Forces
determin-
ing culti-
vation

The cultural nomad had frequently broken camp and moved on, leaving accumulations of filth behind him. The settled villager was compelled to remain amid the unsanitary conditions that his carelessness and ignorance had created. The mortality was very great as epidemic after epidemic swept over the land, bubonic plague, typhus, pneumonia, and many other diseases. Often as these have come and gone, no natural immunity has been developed. Nevertheless in the stage of village economy, people who survived disease gradually developed a high natural resistance to infection. In the densely populated China, although the villages are filthy, the Chinese have come to suffer relatively little from at least one disease, smallpox, which is so common but no longer generally fatal.⁶² In the village stage also, people were learning some few lessons of healthful living. When wine came into general use as a beverage, an important step was taken; as also when boiled water was regularly drunk, notably by the Chinese in the

Health
in the
village

form of tea. In these two ways, in the development of natural resistance, and in the learning of some few lessons of sanitation, man lengthened his span of life, and accordingly population increased.

Coincident with increased longevity was the lessened frequency of war. Among the nomads war had been almost a matter of the day's work. But with settlement came a change from the offensive to defensive. Wars were, of course, still fought, but they were not daily occurrences. Sometimes the villagers had peace because none sought their lands. Sometimes it was because they had been conquered and their conquerors (and exploiters) protected them against outside invaders. Accordingly, an increasing amount of the villagers' time was available for economic pursuits.

The result of these two developments, an increasing population and greater peace, was the birth of agriculture in the narrow sense. Formerly animal and plant cultivation had existed side by side, the former man's work, the latter woman's. Now, giving less attention to war, man takes over both occupations. The villager, we may now call him the "peasant," not only herds the cattle but tills the ground. Though women may aid in the cultivation of the soil, and maidens may tend small flocks of goats and sheep, men are dominant in both.

It was to be expected that when in the same hands, pasturing and tillage would be combined, not left as formerly just existing side by side. But it was chiefly the pressure of population, the need for feeding more and more people that led to the combination of the two, nay, even compelled men to combine them. The method of plant cultivation seen in the stage of cultural nomadic economy had really led to the exhaus-

Peace
in the
villages

Birth
of agri-
culture

Animal
and plant
culture
combined

tion of the soil. It was essentially mining rather than careful cultivation; especially was this the case as population increased. The discovery was made that by combining in a vital way animal and plant cultivation, it was possible to get larger returns from each and still retain the fertility of the soil. This is sometimes regarded as true agriculture.

Cattle were taken from the herd and made to trample down the weeds, as is the case in Madagascar even to-day, or to trample in the seed as in ancient Egypt, and later to drag the plow. The ox, the buffalo, the camel, and later the horse, were taught not only to drag the plow but to be of service in the harvest. And also, after the crops had been removed from the meadow and the arable fields, the animals were turned in to manure the ground. Of course, those peoples who had no such domestic animals, could not make much progress in agriculture, unless, indeed, they used the irrigated system.⁶³

Animals
used in
cultiva-
tion

It is necessary to make a sharp distinction between two radically different kinds of agriculture, on the one hand the irrigated, such as we find in ancient Egypt and Babylonia, and in many parts of the world to-day, and, on the other hand, the non-irrigated, which is the normal. Generally speaking, non-irrigated lands are relatively unfertile, because of lack of sufficient moisture and fertilizing elements. Devices of various kinds are adopted to add to the fertility of the soil or to retain such as already exists. One of these devices we have already noted, allowing the animals to pasture on the land after the crops have been removed. Another is fallowing or cultivating the land without planting it.

Two
types of
agricul-
ture

Fallowing was provided for among the Greeks and Romans in ancient times, and among the Germans and

Fallow-
ing land

Two- and
three-
field
systems

English in the medieval period. In the latter case, it was made possible by a peculiar arrangement of the land, whereby the whole arable portion of the village was divided into two sections, called "fields," one devoted to crops and the other left lying fallow. Later three fields were used, two being in crops and one in fallow, so that only one-third of the land instead of one-half, was unplanted each year. This was a great step forward, but it was followed by many improvements in the process of agricultural change.

Arrested
devel-
opment

While the historic peoples passed through the first phase of village economy early in their development, many of the backward peoples of to-day have entered the phase but have not made much progress in it. These backward peoples, notably of Africa and America, have settled down as free men in free villages, but they have not learned to combine plant with animal cultivation in any vital way, not at any rate without the aid of more advanced peoples.

War
and pos-
session

21. SECOND PHASE OF SETTLED VILLAGE ECONOMY: THE DEPENDENT VILLAGE. He who has land has war, according to a French proverb. The collectors had their more or less well-defined hunting lands, and the cultural nomads their extensive areas for plant and animal cultivation, and accordingly they had to fight to maintain their possessions. But the settled villagers had lands of a different nature, lands that were especially adapted and specially prepared for the use to which they were put. To be driven from them meant to begin life over again, while the collector or nomad, if dispossessed, might simply shift his area of operation. Therefore the villager was anxious above all to maintain possession of his fields, even his stock and household effects taking second place in his esteem.

Since villages were located here and there according as fertility or other advantage appeared attractive, they were often far apart. This meant that it was difficult for one village to co-operate with another in war or peace. For this reason they were easily conquered. It is not surprising that Mohammed should have regarded this stage as one of degradation: wherever the plow has gone, he is reported to have said, servitude and shame have followed.

Villages
open to
easy
conquest

The conquest that the peasant feared sometimes ended in slaughter, as in the case of the Anglo-Saxon conquest of the Britons (A.D. 449-613). It might result in enslavement as frequently happened in the ancient period. In Central Africa to-day the Bahima people have conquered and enslaved the Bahero villagers. The former were nomads, the latter settled cultivators. The Baheros were forced to till the ground, and to build huts and carry water for their conquerors.⁶⁴ Frequently the conquered peasants were left in possession of their lands, simply being compelled to perform certain services for their conquerors. This is illustrated by the Helots of Sparta, by the subject peoples of the Turkish Empire, and by some peoples of our own time living in Central Africa. In the last-named instance, at least four peoples were conquered by the Nubians in the 19th century. Some were sold into slavery, but others, occupying their own lands, were simply forced to serve their masters as bearers when the latter went on an ivory hunt.⁶⁵

Results of
conquest

But the people living in village economy were made subject to others, not only when conquered but when trying to avoid conquest. Our most specific information on this subject comes from medieval and modern European history. No sooner had a people settled than there appeared some wandering tribes in search

Defensive
measures
lead to
aristocracy

of their lands, their houses, and their goods. The settled Gauls had to contend with the Germans; the Germans, after settling, with the Slavs or Russians; and the Slavs, when they settled, had to defend themselves against the Tartars. When the Moors, coming from North Africa, invaded and conquered Spain, they contented themselves largely with the overlordship of the native villages, except in the south, where they completely displaced the natives. In England, the Danes plundered, conquered, and finally located among several of the Anglo-Saxon tribes. Those who had settled down in permanent villages, seeking protection from the attacks of those who were still in the nomadic stage, took such measures of defense as gradually led to a more or less complete subjection of their free population to a feudal aristocracy.

Early 8th
century

9th to
11th
century

Commen-
dation

Of
persons

The poor and defenseless of the village often commended themselves to some man of strength, it might be a redoubtable warrior, a village elder, a tribal chief, or a man with a large fortified private estate. The weak man promised to serve the strong, and the latter offered protection and sustenance.⁶⁶ In such a way there grew up tribal bands of warriors;⁶⁷ doubtless many of these, as time went on, were the younger sons not provided with sufficient land to enable them to live as cultivators. The subjection of one man to another was not nearly so important when purely personal as when it involved his lands. When men commended their lands⁶⁸ as well as themselves,⁶⁹ to a patron or a lord, receiving them back as a special bequest in return for protection, another step was taken in the direction of the subordination of the village of free men. But if men sold their birthright of freedom, they received something substantial in return. When hard pressed they could flee to their

Of lands

lord's castle or palisaded house with their household goods, flocks, and herds; and in time of famine they would receive back some of the corn which they had given each year to their lord.⁷⁰

This interchange of services involved in the more or less free-will commendation was followed by exploitation on the part of the patron, in itself causing great grief among the poor but ultimately proving a blessing to them. The patron, rich and influential in the tribal or incipient national court, sought the right of administering justice and keeping order in the villages of his district.⁷¹ Having secured this right, he appointed an official as his agent in the village, and set up a court. Here he made a beginning in the rational settlement of disputes and quarrels. It is true he charged a fee—*sold* justice, if you will—but the result was much better than the previous feud, or personal and family revenge, which often led to unending quarrels and frequent homicides. Attendance upon this court was doubtless a burden and submission to its decisions often irksome, still the village court of the lord became the nursery for the discussion of local affairs and a court of record as well as a recognized hall of justice.

The price that the lord paid for public assent to his village jurisdiction was his obligation to serve the state, chiefly in time of war. The lord received an income from the courts, and in return provided troops to defend not only the villages but the state itself. When fully developed, this is feudalism, an institution found in many lands and at different periods. Perhaps, if the relationship between the village and the lord had ended with this compulsory system of justice, the feudal system would not have become so hateful to the villagers. Gradually, however, through the

Lord
exploits
villagers

Village
court

Feud-
alism

agency of his representative and by means of his legal position, he encroached upon the rights, time, and persons of the villagers till the situation became intolerable and "peasant revolts" occurred wherever there was an opportunity of amelioration.

Lord's
demesne

When the lord set aside some of the village lands as his own,⁷² he drove a little deeper the entering wedge of exploitation. His representative, the bailiff, not only held court, but supervised the cultivation of the lord's own lands (demesne) while the villagers did the work. This labor was of two kinds, the work of so many days (from one to five) each week throughout the year, and special assistance in plowing and harvesting. Additional services might be imposed when times were favorable to the lord, such as the obligation to cart wine for his cellars, grindstones for his mill, and corn to fill his granaries. When fully developed, this institution is called the "manor."⁷³

Manor

This manor is a village community⁷⁴ possessed by a lord, on whose own holdings of land the villagers labor under the supervision of the lord's bailiff. While we call the aristocratic administrative system of lords serving the state in war and peace, "feudalism," we call the economic system which constituted the support of feudalism, "manorialism." The manor provided the feudal lord with material resources, so that he could devote himself to the affairs of government and war.

Roman
villa

It seems not unlikely that the exploitation of the villagers by means of forced services on the lord's own holdings was suggested by the private estate, or as it is called in western Europe, the "villa." The villa was a farm or estate, probably originally existing quite apart from village life, located here or there where conditions were favorable. We really know

little about these villas, except in a general way that they did exist, and as we learn from their ruins, the villa mansions were in some cases luxurious residences and seats of considerable culture. The land of the villa was worked by slaves, or freemen (possibly younger sons), induced to leave the villages by offers of larger holdings of lands. The chief official, the villa foreman,⁷⁶ supervised the labor of the estate. Gradually by the process of standardization the two institutions, villa and manor, came to be alike in almost every respect.

Such, then, is the subjection of the village of freemen, and its transmutation into a manor of serfs, men with certain rights but many disabilities such as restriction of sale of holdings and limitation of movement. It was brought about by personal commendation, commendation of lands, and exploitation through grants of jurisdiction secured from the sovereign, followed by gradual encroachment worked out in relation to a special part of the manor on which the villagers were forced to work, the products of which helped maintain the lord. While commendation usually concerned only individuals, the grant of jurisdiction involved whole villages.

Summary
statement
of vil-
lage sub-
jection

The effect of the development of the unfree village, or manor, upon the agriculture of the village we know little or nothing about. The check upon the subdivision of holdings already begun would be strengthened by the lord's desire to keep the holdings large enough to furnish services easily reckoned and exacted. If a small holding owing two days' service a week had been divided among five sons, it would have been difficult and expensive to enforce the services. It seems reasonable also to expect that the villagers were compelled to be more efficient in cultivation,

Effect
of the
unfree
village
on agri-
culture

when they were obliged to give one-third or one-half of their time to their lord, while formerly they had had only their own fields to look after. In the stage of the manorial village, the villager had to work harder and to better effect.

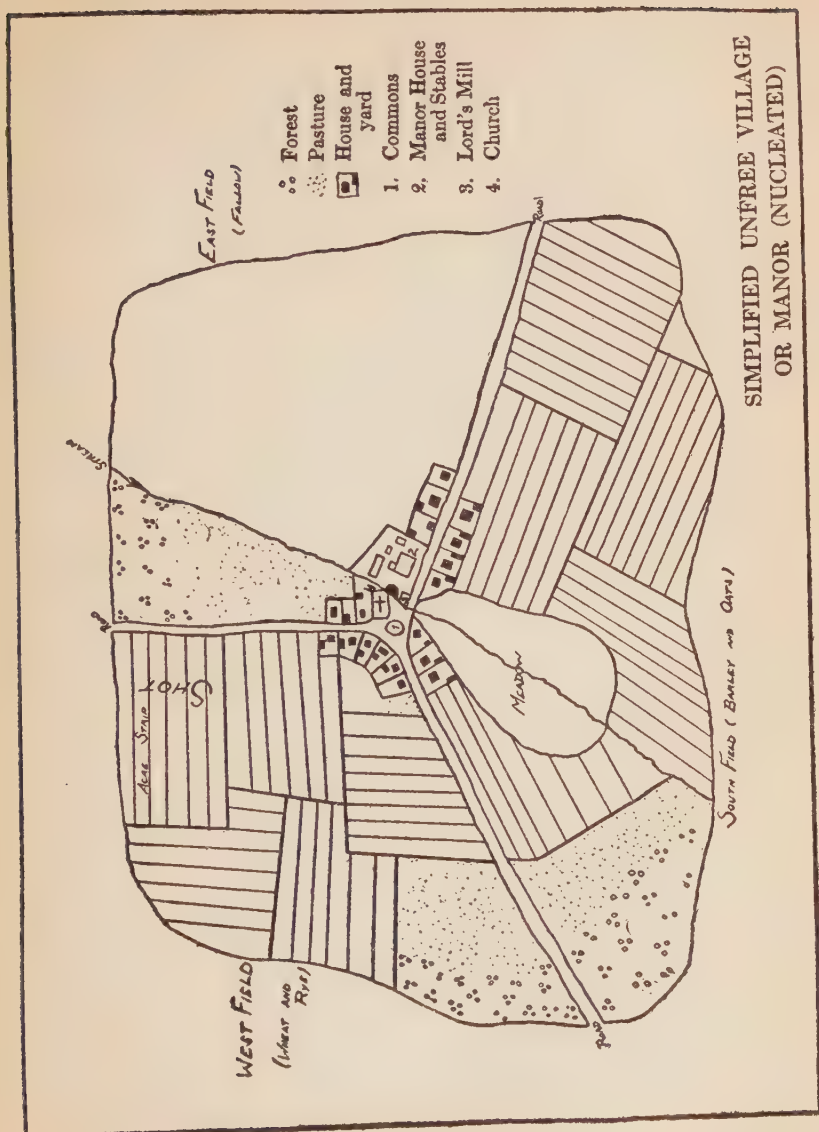
Steps in
the for-
mation of
the manor

Anglo-
Saxons,
about
450-750

The subjection of the village was a gradual process. We have noted four steps. In the first, men were personally bound to serve their chiefs in tribal bands. They were free men, except perhaps that they could not give up the service once undertaken without the chief's consent. The Anglo-Saxons were probably in this condition during the earliest part of their history; the natives of the Gold Coast have not yet advanced much beyond it. In the second step, men were bound to their chiefs or lords through a system of land tenure, rather than the former personal obligation. In all probability this lagged behind the personal subjection only a few generations in Anglo-Saxon history. In the third step, whole villages were, by royal grants or highhanded action, subordinated to lords to whom rents in kind and services in war were due. Among the Anglo-Saxons we may place this roughly in the period 800-1000. In the fourth step, the village was provided with a special piece of land called "the lord's own land" (demesne or domain) on which the villagers were compelled to work systematically. This is the full-fledged manor, which we find in England about 1000-1450.

An
English
manor,
1086

We may best illustrate manorial conditions from English history because England possesses a great tax list, called Domesday Book, from which many facts may be gathered. One particular manor, described in Domesday, contained about twelve hundred acres. On it there were 36 villeins or serfs, who, we may be sure, were bound to the soil, the descend-



ants of the old freemen and the possessors of small family holdings not divisible. There were also 18 lesser villeins, doubtless descendants of younger sons and possessing very small holdings. At the bottom of the social scale were 10 slaves, 8 male and 2 female. A few freemen resided on this manor, four of them being horsemen riding at the service of the lord. The full maturity of the manor is indicated by the fact that the lord had one part of the manor as his own farm (*demesne*) while the tenants occupied and cultivated for themselves the rest of the land. While the lord had four plows, the tenants (*villeins* and others) had over ten times as many. The various classes of tenants, those with plows and those without, not only worked their own holdings but tilled the lord's, under the supervision of the bailiff. This manor had a church with two priests.⁷⁷ Nothing is said about the lord's court, so common to the manorial organization, because it was not a subject of inquiry in *Domesday Book*.

Manorial
growth

Eastern
Europe

Ancient
period

The four steps in the formation of such a manor were taken in western Europe about the same time as in England; in eastern Europe somewhat later, the manorial development falling within the period 1500-1700. We should like very much to identify the periods of similar developments in the history of Egypt, Babylonia, Assyria, Canaan, Phœnicia, Greece, Rome, and, of course, China.⁷⁸ We know that very early in their history the villages of these countries were put in subjection, but we do not know the exact nature of it; much less the separate steps taken at different times. The feudal age of China is dated 2300-22 B.C.; that of Egypt 2500-1580 B.C. In Athens, well before 500 B.C., the peasantry was being subordinated to the *eupatrids* or great land-

holders. Similar conditions are found in the Latin villages at about the same time. In this instance it seems that something was evolved very much like the medieval manor with its demesne (? *villa, hortus*), and tenants' holdings (*heredia*).⁷⁹ In India before the Christian era the granting of whole villages by the king was a frequent occurrence, and suggests the second step in the subjection of the village.⁸⁰ In all these cases the subjection of the village probably came, or at least began before the development of town economy, though not before the rise of political villages or centers called "towns."⁸¹

Such instances as these compel us to note the similarity of institutional development in different parts of the world. This may be explained on the ground that like causes (the defense of villages) bring forth like results (the subjection of villages). We should note also the difference between genesis and history. Historically the Latin village of the 6th century B.C., was obviously older than the French village of the 13th century A.D., but genetically they may have been of the same age or state of development. This can be illustrated in another way by saying that the Middle Ages were economically less advanced than the ancient period.

Genesis
and
history

22. GENERAL CULTURAL ATTAINMENTS OF THE SETTLED VILLAGE STAGE. The chief occupation of the settled village was animal and plant cultivation. The land used had to serve for all time—that is, could not be entirely abandoned for different holdings. Improvements in the methods of cultivation have already been considered.

General
economic
situation

For the storage of goods the village stage meant much. The nomads had possessed little more than what they could take with them. They had preserved

Storage

meat chiefly by drying and smoking. Grain supplies had been hidden and later utilized, but this at best had been precarious. In the village stage, granaries were regularly and sometimes artistically constructed, either as part of the dwelling or separate from it so as to obviate some of the risks of fire. Now, too, the flesh of animals could be pickled in brine contained in casks too heavy for the nomad to take with him on his journeyings. This made profitable the slaughtering of animals in the autumn when pastures were failing and when it was necessary to limit the number of mouths that were to consume the scant supplies of fodder.

Village
industries

The settled village was a center of manufacture as well as of cultivation and storage. As in the earlier stages, women were more identified with the making of cloth and clothing; men with the manufacture of leather shoes and metallic wares. Either sex might make pottery. Specialization and division of employments were extended beyond anything known before. In the village of northern India, for example, there are not only agriculturists but carpenters, blacksmiths, potters, astrologers, and exorcists. These receive doles of grain and other supplies from the other villagers whom they serve,⁸² not according to the work performed but according to their yearly needs.

Village
trade

We might expect that villagers raising their own foodstuffs, and making their own houses, clothing, and utensils, would have no use for trade with other parts. It is certainly true that village trade was slight in amount but real and relatively important because of the commodities dealt in. A Central African village could procure salt, so vital to man and beast, only from a distance. In medieval England pitch, tar, spices, millstones, and iron had to be brought from afar. The trading aptitude of the nomad was

somewhat but not vigorously maintained by the necessities of the relatively isolated existence of the village. All villages provided most of the things needed; none provided all. The best-off were those that had a large surplus to exchange for outside products. Many writers have maintained that village economy was characterized by self-sufficiency, that the village was more or less closed against the outside world. The element of isolation was unquestionably large, but it has been exaggerated.⁸³

It is probably true that shortly after permanent settlement, there was a period of relatively little trade. But gradually a new type of commerce evolved, the exchange of goods at certain times and at certain definite places. Gods were invented to protect the market places,⁸⁴ and sacred spots were set aside for trading.⁸⁵ When the villages became subject to lords, we find the latter receiving grants of market rights, doubtless previously possessed by the villagers.⁸⁶ It is to be noted that at these early markets original producer ordinarily met original producer, each giving product for product without the use of money as a means of exchange. The commodities might be grain for cattle, one kind of grain for another, or manufactured articles for raw products or for other manufactured wares. In Madagascar to-day the inhabitants of fishing villages carry their fish to inland villages to exchange for other goods; or they sell their fish at home to those bringing other products for exchange.

Thus it is evident that village economic life was not so simple as some would picture it. As compared with what went before, it was complicated; only when we compare it with later conditions does it appear simple. Political or administrative organization,

Village
market.

Village
govern-
ment

however, was less complex. The head of each of the large families was a village elder. All the village elders made up the village council.⁸⁷ The chief of the village would be the head of the most important family, or some family head specially chosen for his task. In the second phase of the village, the tendency would be for the village council to give way in civil affairs to the lord's bailiff and the lord's courts. Ordinarily, we would not find the village government a supreme authority but only a local political organization existing within a larger tribal, urban, or territorial state. There were a few villages, however, which attained political importance because the seats of government, in which the sovereign power resided and in which there was some special provision for defense and worship.⁸⁸

Slaves in
villages

From the very first there were slaves in the village.⁸⁹ Indeed, slavery took on a new lease of life when disagreeable plant cultivation became a necessity. Even the American Indians living in villages had slaves.⁹⁰ The negroes of the Gold Coast who were captured in such numbers and sent to America as slaves, have a tradition that long ago they had been enslaved by red men, when they themselves lived in the interior of Africa. Escaping from this slavery, they stole away in groups of two or three to the coast where they set up free villages, only to fall into the hands of European and American slave dealers. But these same negroes, risking so much for freedom, had slaves of their own.⁹¹ War, trade, crime, and gambling were the chief sources of slavery in the Old World up to the general emancipation, which took place quite early in western Europe, but in Russia only in 1861⁹² and in the United States only in 1863.

After
A.D. 1000

Besides these classes, freemen, freedmen, and

slaves, there were nobles, found as well among such far-off peoples as the Melanesians⁹³ and the nearer Germans. In the 1st century of the Christian era, there were noble Germans,⁹⁴ who were possibly village elders or chiefs, or the descendants of distinguished men. And as we have seen, in the second phase of village economy, there arose a class of military leaders, later the full-fledged feudal lords, so well known in English history as dukes, marquesses, earls, viscounts, and barons. In the establishment of such a landed aristocracy we cannot help seeing progress, for while a few men devoted most of their time to war and administration, the rank and file were left to engage in economic pursuits.

Early
nobles in
villages

Of the religious observance and belief of the village we know all too little. At the beginning of village economy the patriarchal head of the family conducted most of the religious rites. And it is not unlikely that on occasion the head of the chief family of the village occupied a position somewhat akin to that of the later village, or parish, priest. Apparently a specialized priesthood as distinct from the head of the family on the one hand and from the sorcerer, exorcist, or soothsayer on the other, arose in a few outstanding villages where there were temples or monasteries, and later spread to all the other villages, great and small. But whether this spread came before the next stage—town economy—is difficult to determine, as also whether the village church⁹⁵ was modeled after the temple, the family worship room, or the medicine-man's hut. Certainly under the influence of a great town such as Catholic Rome, parish priests in the Middle Ages were installed in villages in western and northern Europe. At any rate, one can say that in the village stage, though not necessarily in all vil-

Worship

England,
7th cen-
tury f.

lages, three classes came to be sharply distinguished, those who labored, those who fought (lord and retainers), and those who prayed.

Religion In religious belief, polytheism may be identified with the settled village, though we may perhaps find a tendency towards monotheism. Such a tendency, very strong among the Jews and the Hindus, was less strong among the early Egyptians, Greeks, Romans, and Teutons. Here perhaps we may see a limitation to the economic interpretation of history, or attempt to explain the development of general culture (including religion) by economic considerations. We might like to identify a religious with an economic stage, animism (demonism, or fetishism) with collectional economy, polytheism with nomadic economy, and monotheism with village economy, but the facts warrant no such sweeping conclusions. We might expect that in the first of these economic stages man would have a special regard for wild animals, in the second for local domesticated animals, and in the third for plants,⁹⁶ but although there is an element of truth in this correlation, especially in the first stage, there is no universal validity. Perhaps the safest correlation that can be made concerning religious belief in the village stage, is that polytheism was the dominant but declining religion, monotheism the weak but rising faith.

Art Early religion was emotional and not to be divorced from early art. The music of the village stage (as of later stages) was made to subserve the worship of gods, as well as to stimulate martial ardor and sexual passion. The literature that we call classic takes its beginning, not its finished form, in the village stage, for example, the *Iliad*, the *Odyssey*, the *Mahabharata*, the *Ramayana*, *Beowulf*, the *Niebelungenlied*, and the *Chanson de Roland*.

In earlier stages when migration or movement was frequent, the sick, the blind, and the aged fared badly. They might even be killed when they could not keep up with the march. But in the village stage such persons were not so much a hindrance to life. They could fit into some place and survive. They could often perform minor duties of real service to the village.

Depend-
ent
classes

We have already noted that danger lurked in the accumulations of filth in the village. Probably the villagers, however, were never so conscious of the lack of sanitary conditions as they were aware of the vermin that infested them. In earlier stages, vermin had been largely confined to the clothing; in the settled village it was the curse of the dwelling as well. Sometimes the women plastered the mud floors with special preparations to keep away insects. Among some peoples cattle were kept on the lower floor, while men, women, and children lived above them. The vermin engendered in the soil could rarely get past the refuse of the stable to trouble them.

Vermin

It would be difficult for a modern man to sum up the culture of the village stage, without pointing to the insignificance of the individual and the importance of the group. Cultivation was carried on in accord with the decision of the group. In the previous stages the group had been dominant, too, but now the individual is hemmed in, not only by the persons of the village but by the more restricted area of the community. No man could develop any initiative in his methods. No man could be alone, he could hardly have a secret. The village was his world and rarely did he leave it, except to go to a market in a place near-by. But all this is the point of view of the modern. The villager had no thought of these things.

Lack of
individ-
ualism

He was born to the village which was the "factory" where he worked, the "parish" where he worshipped, the "community center" where he played, and the court in which he served as witness and jurymen. For a few there was opportunity elsewhere, at a royal court, in some lord's military array, or in a monastery. For the rank and file, escape was possible only when the town came into being.

Urban
villages

23. OUTSTANDING COMMUNITIES: URBAN VILLAGES. A few villages, relatively few in fact, developed into political or administrative centers, sometimes called "towns." Such towns are not to be confused with the economic towns, and are not to be identified with town economy. They were essentially villages but with the households and retainers of chiefs added, and perhaps military camps as well. They are accordingly to be regarded as exceptional villages, in no sense introducing a new phase of general village development.

Urban
villages
in ancient
Egypt

Doubtless often when we read in ancient and medieval history of inland towns, we have to do simply with political or administrative villages. Ancient Egyptian history provides us with probably the earliest illustration of urban villages. A very old symbol in Egyptian writing stands for a village enclosed by a wall.⁹⁷ Originally this may have been the tribal center, where the tribe, or some clans composing it, met for religious observances in times of peace and where they gathered for defense in times of war.



Among
the early
Jews

The Old Testament supplies us with a great deal of information about the urban village. The Hebrews found the Canaanites living in such communities and

gradually followed their lead till every Hebrew had his "city" or fortified village. Such a place had its fields like any other village, but, because of its fortification, it was regarded as a haven of refuge for all and a safe fold for the defenseless children⁹⁸ in times of danger. The urban village, or "city," as it is termed in the Bible, had its surrounding rural villages which looked to it as the sole means of safety in time of war, and which seemed in some way to be politically attached. It is reasonably certain that in the second millenium B.C., the Hebrew people were becoming territorialized. The tribes were breaking up, and the villages were being differentiated into two classes, the numerous unfortified and a few fortified villages, so that we read in passage after passage of a "city and its villages."

In Greece, the "town" or "city" was in *earliest* times just an urban village. It was an agricultural community that was marked off from the other villages by its political and religious functions. The Arcadians, a backward people among the Greeks, lived in ordinary villages until the 4th century B.C., when they began to develop special urban centers.⁹⁹ But in other parts of Greece, even in the time of the *Iliad*, perhaps 1000 B.C., the urban village was not uncommon. The lame hammer god, Hephæstus, fashioned for Achilles a shield with many scenes. Two fair towns were shown; in one there was an assembly of men to decide the blood-price of a man slain; in the other there was a siege. Agricultural work was illustrated: plowing, harvesting, gathering grapes, pasturing cattle and sheep.¹⁰⁰ And in Homer's *Odyssey*, perhaps about 800 B.C., the typical question asked of a stranger was, "Who are you? Of what people? Where is *your town* and kindred?"¹⁰¹

Ancient
Greece

Among
the Gauls

Cæsar (55 B.C.) tells us of the village communities of the Gauls. The people called "Helvetii," numbering 263,000 in all, had about 400 villages and 12 towns or urban villages.¹⁰² Later the Greek geographer Strabo says that the tribe called the "Allobroges" dwelt generally in villages, but the most notable of them lived in Vienne, called the "metropolis," but which was really a mere village.¹⁰³ The British chief, Cassivelaunus, held out against Cæsar in his village protected by felled trees, a rampart, and a ditch, a place "well filled with men and cattle."¹⁰⁴

Among
the Ger-
mans

Among the Teutonic peoples the fortified village as a special place of refuge was coming into prominence. In the heroic poem, called *Beowulf*, composed between 500 and 1000, we read of the "hoard-city of heroes," the "fair strong city," and the "sheltering city of men." The queen had dwelt "under the city locks," and the chief had enjoyed "city treasures." In short, the urban village was a "city" only in the sense that it was a fortified place where warriors dwelt and where their women and treasures were safe.¹⁰⁵

West
Africa

Such urban villages we find to-day among peoples who live in the stage of village economy. Among a West African negro people there are a few political villages, the seats of chiefs, the inhabitants of which are dependent upon agriculture.¹⁰⁶ And among a Bantu people of South Africa we find, besides the ordinary villages, a capital village, a little larger than the others and built for the chief after his marriage.¹⁰⁷

When the tribes living in settled villages were consolidated by conquest and formed into states, the former tribal or political village probably became an

administrative center, the seat of a sub-chief obeying a central authority greater than himself. Such seems to have been the case in ancient Egypt,¹⁰⁸ as well as in the Gold Coast of our day. In Anglo-Saxon England, we find many such administrative villages, called "boroughs." They were fortified and contained the administrative machinery of the district or county,¹⁰⁹ like many of the "cities" of present-day China, large villages with a wall and government bureaus.¹¹⁰ The boroughs in England contained houses that belonged to adjoining manors. In these houses dwelt burgesses who were sometimes "knights" and who were charged with the duty of defending the borough, especially in repairing the borough walls.¹¹¹

England,
449-1066

1086

While some of the old political or tribal urban villages were made into administrative villages, at times it was the rural village that was made over by some ruler into an administrative center, or fortified as a military outpost. There could be no better example of this than the creation of walled towns out of German villages. The king of the Germans was hard put to it to defend his eastern frontiers against Slavs and Hungarians. He adopted the device of fortifying some of the villages, henceforth called "towns." One-third of the produce of all the villages was to be stored in these "towns" and all "courts and meetings and celebrations" were to be held there, so as to accustom the people to go to them in time of peace as they should do in time of war.¹¹² Probably, in this instance, we have a typical historical development. The need for the defense of rural villages gave rise to urban villages, fortified centers with rural villages dependent upon them for defense, administration, and some religious and social life. And yet, as in the case of these eastern German towns, the urban

Germany,
early 10th
century

villages were small in population and remained dependent upon agriculture. Called "towns," they were really villages in an economic sense.¹¹³

Markets
in urban
villages

It is to be expected that such urban villages would be regarded as the most likely places for markets, as was the case in the medieval Anglo-Saxon borough and the modern West African village. It was even decreed that all sales (probably chiefly of cattle) in Anglo-Saxon England should take place in a borough; but this was soon given up,¹¹⁴ probably because many rural villages also possessed markets, the use of which was extremely convenient for the people near at hand.

Village
agglom-
erations

So far we have thought of only simple villages. Agglomerations of villages have been common in the stage of village economy. They have been called "towns" or "cities," but economically they were only villages, or urban villages, as here designated. Many of the great cities of antiquity (and of the Far East) were originally groups of villages brought together by some common need,¹¹⁵ and either surrounded by a wall or protected by forts or castles. Prominent among these were Lagash (in Babylonia), Babylon, Athens, Sparta, and Rome. In Greece sometimes a small group of villages would be formed into a complex village so restricted in area that the group could be regarded as one "town." Such was the case in Tegea and Mantinea (both north of Sparta).¹¹⁶ On the other hand, numerous villages occupying a fairly wide area were sometimes grouped together. In Attica, as the record goes, twelve village groups were formed, each of four, five, or six villages, the chief group being Athens itself. According to tradition this was the work of Cecrops. Later, all twelve groups were united to form the Athenian state, the

reputed accomplishment of Theseus.¹¹⁷ Here we have in outline the story of the grouping and differentiation of villages to form the "city state" of antiquity. The government of each village gave way (probably) to the government of the larger group of which it was a member, and then (certainly) to the government of the dominant group, Athens.¹¹⁸ It is to be noted that Athens was a compound group while Tegea was a simple one; that the villages were in different places in the case of the Athenian state, while in Tegea they were in only one.

Rome grew gradually out of Latin villages. About three villages joined to build and maintain a citadel on the Palatine hill; similarly on the Esquiline and Quirinal hills. Then these three urban village groups united to found a larger group with a citadel on the Capitoline hill, and all were surrounded by a wall.¹¹⁹ This was the Rome that later became the ruler of Italy and the mistress of the Mediterranean world.

Such urban villages were truly outstanding communities. In government, war, worship, and social life, in all or some of these, they played a special part. To them the rural villages sent their taxes in kind and their soldiers for battle. From them the rural villages received protection, guidance in religion, and news of distant happenings. It is a bit confusing that such communities should be commonly called "towns" or "cities," while here they must be called "villages."¹²⁰ But since the distinctions made in this book are economic, we must call any community a village, that performs in economic life only village functions, regardless of its non-economic activities. A community that is primarily agricultural and has no specialized traders is here taken to be a village even though otherwise it may be sharply differentiated from its

Rome

Relation
of urban
to rural
villages

fellows. In due time these urban villages became towns,¹²¹ but only when village economy gave way to town economy.

24. SUGGESTIONS FOR FURTHER STUDY

1. What are the advantages and what the disadvantages of the new stage of settled village economy over the one displaced?

2. What is the point in using the word "settled" before the phrase "village economy"?

3. What factors determined the form of the village?

4. Do you find common ownership in village economy (*a*) in movable or landed property, and (*b*) vested in the village group, as used to be believed, or in the undivided family? On this subject see the works of Maine, Laveleye, Fustel de Coulanges, Maitland, and Lewinski.

5. What factors determined the nature of cultivation in the village?

6. Why is it better to speak of "unfree," rather than "manorial," village?

7. For an interesting account of an English village in the thirteenth and fourteenth centuries, see A. Jessopp's *Village Life in Norfolk Six Hundred Years Ago*, a chapter in the book entitled *The Coming of the Friars* (12th ed., 1903).

8. A general description and explanation of the English manor are to be found in the first three chapters of E. Lipson's *Introduction to the Economic History of England, The Middle Ages* (1915).

9. Original documents for the study of the English manor are translated and conveniently presented in *English Economic History: Select Documents* (ed. by A. E. Bland, Brown and Tawney, 1914).

10. Which probably labored the harder and more continuously, man or woman, (*a*) in the free village and (*b*) in the unfree village?

11. Did villagers have the unfree village imposed upon them or did they develop it themselves?

12. A valuable special study of an English manor together with various original Latin documents is to be found in F. G. Davenport's *Economic Development of a Norfolk Manor* (1906).

13. For a scholarly general account of social structure and class relationships in continental European villages, see C. Seignobos' *Feudal Régime* (trans. by E. W. Dow, 1902, 68 pages).

14. Enumerate and describe the social classes in the free village. What changes were involved in the development of the unfree village?

15. Much illustrative material can be found in *Social England* (ed. by H. D. Traill, 6 vols., 1894-98), for example, vol. II, pp. 92-100.

16. For village life in Russia see the interesting description in D. M. Wallace's *Russia* (1877, 1910).

17. Explain why the North American Indians were found in different stages of economic development all the way up to settled village economy.

18. In what stage did the Pilgrims of Plymouth find the neighboring Indians? See W. Bradford's *History of Plymouth Plantation, 1606-1646* (ed. by W. G. Davis, 1908), pp. 99-100.

19. Is the economic historian justified in using the phrase "urban village" while others apply the term "town"?

20. Which was more favorable to marketing, a rural or an urban village, and in the free or unfree phase?

21. Does not the development of the urban villages illustrate a happening without a direct economic cause? Is it not an exception to the economic interpretation of history?

22. Describe the events of a day in an unfree village. Scene: the end of the harvest—women preserving—some men thatching roofs, others preparing for autumn festivities—the lord's bailiff trying to make up his yearly account—the parish priest there to act as scribe—a villein about to leave with a packload of wheat to make up the deficiency on another manor belonging to the same lord—the miller exchanging grist flour for sheep—a messenger (freeman) from the central manor announcing the imminent arrival of the lord with his servants

and dogs and his gentleman followers—the village in an uproar.

23. Describe a day in a free village.

24. Compare the village communities of sectaries (Rapists, Mennonites, etc.) in America with the village of settled village economy. See, for example, C. Nordhoff's *Communitistic Societies of the United States* (1875), pp. 63-95.

25. Contrast an American "village" of to-day with a village under settled village economy.

26. Is the industrial village of New England a village under settled village economy? How about a mining or fishing village?

27. Did the villager lead as joyous a life as the cultural nomad?

For further study consult the references in the notes that follow.

25. NOTES TO CHAPTER III

1. A good illustration of this is to be found among the Huron Indians of Canada in 1639. The Hurons cultivated the land for about ten years and then moved their village to another place. F. du Peron in *Jesuit Relations*, vol. XV, p. 153.

2. Because of the fact that the word "village" is often applied to a temporary abode of collectors in America (see, for example, *History of the Expedition of Lewis and Clark 1804-5-6*, ed. by J. K. Hosmer, vol. I, pp. 122-123, *et passim*), it is necessary to add the word "settled" to the phrase "village economy" so commonly and readily understood in the Old World as a settled community, but not so understood in the New World. Among the Eskimos we find villages called "permanent," but they are permanent only because there is no reason to move, not because they find moving difficult. While they are permanent in location, they are not continuously occupied throughout the year. See J. Murdock, *Ethnological Results of the Point Barrow Expedition. Annual Report of the Bureau of Ethnology* (1887-88), pp. 44-48.

Few important peoples of history can be studied when they were in the stage of settled village economy because when their

history begins they have reached the town stage. Of course, the village survived village economy. In town economy the village was reduced to dependence upon the town. It is this dependent village that we can study in its historical aspect, especially in western Europe. To-day there are many peoples in out-of-the-way parts of the world, in valleys and away from trade routes, where there are no towns, who live in the settled village stage, in Asia, Africa, Oceania, and America. A good instance, convenient for study, is Algeria, where the Chawia and Kabyle peoples have long been settled and where the Arabs are now settling down. But even in Algeria, village economy does not universally prevail.

It can hardly be too emphatically urged that we are not necessarily studying village economy when we are studying a village. Nevertheless, because of the fact that the early village was not much influenced structurally by the town, we are justified in using information about villages even when they are dependent on a near-by town.

3. B. H. Baden-Powell, *The Indian Village Community* (1896), p. 74 n., p. 75 n.; C. G. and B. Z. Seligmann, *The Melanesians of British New Guinea* (1910), p. 199.

4. See, however, E. Lipson's *Introduction to the Economic History of England, The Middle Ages* (1915), p. 22, n. 1.

5. Migration and travel are common to-day, but families and individuals, not large groups, are generally the units of movement and they move not continuously or seasonally but occasionally with the expectation of finally settling permanently.

6. A. Bernard and N. Lacroix, *L'Evolution du Nomadisme en Algérie* (1906), p. 250.

7. Tacitus, *Germania*, chap. 16 (*Select Charters*, ed. by W. Stubbs, 1905, p. 58). The interpretation here placed upon the passage in Tacitus is not the usual one, but is more probable.

8. *Haufendörfer*, or heap-villages. A. Meitzen, *Siedlung und Agrarwesen* (1895), vol. I, p. 47.

9. *Rundling*. Cf. *Rundreihenlagerung*.

10. C. G. and B. Z. Seligmann, *The Melanesians of British New Guinea* (1910), pp. 740-741.

11. A. L. Cureau, *Savage Man in Central Africa* (1915), p. 206.
12. A. H. Smith, *Village Life in China* (1899), p. 21.
13. C. G. and B. Z. Seligmann, *The Melanesians of British New Guinea* (1910), pp. 740-741.
14. Among the aborigines of India, the Dravidians, the word "village" is synonymous with fort. B. H. Baden-Powell, *The Indian Village Community* (1886), p. 75 n.
15. G. L. Gomme, *The Village Community* (1890), p. 12 (describing the villages of the Basutos of South Africa). Cf. also Madagascar villages of to-day.
16. A. Lessauer, "The Kabyles of North Africa," in *Annual Report of the Smithsonian Institution* (1911), p. 530.
17. D. Randall-MacIver and A. Wilkin, *Lybian Notes* (1901), pp. 24-25, 44.
18. B. H. Baden-Powell, *The Indian Village Community* (1896), p. 67. Cf. *The Laws of Manu* (trans. by G. Bühler, 1886), p. 140.
19. A. H. Smith, *Village Life in China* (1899), p. 29.
20. See H. H. Bancroft, *Works, The Native Races*, vol. I (1886), pp. 533-535.
21. Cf. A. Meitzen, *Siedelung und Agrarwesen* (1895), vol. I, pp. 49-50.
22. *Strassendorf*. Cf. *Längsreihenlagerung*.
23. B. H. Baden-Powell, *The Indian Village Community* (1896), pp. 70-71.
24. G. Schweinfurt, *The Heart of Africa* (1878), vol. I, p. 122.
25. D. B. Simmons and J. H. Wigmore, Notes on Land Tenure and Local Institutions in Old Japan, in *The Asiatic Society of Japan*, vol. XIX (1891), p. 92.
26. C. G. and B. Z. Seligmann, *The Melanesians of British New Guinea* (1910), p. 423.
27. B. H. Baden-Powell, *The Indian Village Community* (1896), p. 68. Cf. the Japanese *demura* or sub-village.
28. J. G. Frazer, *Totemism and Exogamy* (1910), vol. II, p. 550.
29. A. Meitzen, *Siedelung und Agrarwesen* (1895), vol.

I, pp. 47-54, 516-517; vol. II, pp. 77 f.; map at beginning of vol. *Atlas zu Band III, et passim*. Cf. H. L. Gray, *English Field Systems* (1915), chap. X.

30. Compare the views of Seeböhm, Vinogradoff, Knapp, and Wittich. J. R. Mücke (*Urgeschichte des Ackerbaues und der Viehzucht*, 1898, p. 109) identifies the *Rundreihenlagerung* with the highland and the *Längsreihenlagerung* with the plain.

31. G. Schweinfurt, *The Heart of Africa* (1878), vol. I, pp. 122-123.

32. *Ibid.*, pp. 212, 283.

33. B. H. Baden-Powell, *The Indian Village Community* (1896), pp. 65-66.

34. It happens that the nucleated village, once established, sometimes maintained itself in spite of the fact that the original need for defense had passed away, in spite of some exhaustion of the soil, and in spite of the lack of public works of the kind mentioned. This is illustrated by the English nucleated village, the history of which covers over a thousand years, from its foundation down to the present. The explanation of such a survival is to be found in the fact that the village group gradually evolved such an elaborate system of co-operation and group action that it was difficult to separate the individual holdings and homesteads. And when the village became a manor, there was not only the social and economic bond but the administrative, to maintain the original type of village.

35. The Norwegians who settled in Iceland in the ninth and following centuries established scattered homesteads rather than villages. This was made necessary by the topography of the country. There was but little fertile land, chiefly pastureland, and that was to be found in relatively small patches. See the *Story of Egil Skallagrimsson* (ed. by W. C. Green, 1893), pp. 49 f. Similarly in northern Russia in the Middle Ages, the land was so swampy and wooded that only here and there could a patch be found large enough even for a single homestead. Hence the scattered homesteads or tiny hamlets of two or three homesteads. V. O. Kluchevsky, *A History of Russia* (trans. by C. J. Hogarth, 1911), vol. I, p. 216.

36. The village of Ouang-Mo-Khi in the province of Fo-Kien is (or was in 1885) made up of scattered homesteads. The villagers, though members of a large undivided family, lived near their fields. Part of the land lay in the valley, and part on the hillside. The latter required enormous labor for irrigation and cultivation. Obviously, the problem is to subsist on a naturally infertile soil. G. E. Simon, *La Cité Chinoise* (1885), pp. 237, 254, 257 f.

37. In the 13th and following centuries several hamlets were grouped together to form a manor, or a manorial hamlet group. F. Seebohm, *The Tribal System in Wales* (1904), p. 7.

38. See below, p. 82.

39. Cf. *The Laws of Manu* (trans. by G. Bühler, 1886), p. 296.

40. T. Frank, *An Economic History of Rome* (1920), p.

54. Cf. *Varro on Farming* (trans. by Storr-Best, 1912), p. 136, referring to the wintering of sheep in Apulia and the summering in Samnium.

41. A. Erman, *Life in Ancient Egypt* (1894), pp. 440-441.

42. J. Klein, *The Mesta* (1920), pp. 17-29.

43. "Sennhütten" and "Alpenwirtschaft" in *Meyers Konversations-Lexikon* (1908).

44. P. B. du Chaillu, *The Land of the Midnight Sun* (1882), vol. I, pp. 280-282, 287.

45. G. L. Gomme, *The Village Community* (1890), p. 145. Based on the *Report of the Crofter Commission* (1884).

46. In the autumn of 1919, live stock were taken from drought-stricken Montana to northern Minnesota. Measures were contemplated at this time to facilitate such transfer in the future.

47. Cf. A. L. Cureau, *Savage Man in Central Africa* (1915), p. 206.

48. Strabo, *Geography* (Bohn's Library, 1903), vol. I, p. 266.

49. Giraldus Cambrensis, *The Topography of Ireland* (Bohn's Library, 1863), p. 124. See Rolls Series edition by J. F. Dimock (1867), vol. V, p. 151.

50. Giraldus Cambrensis, *The Description of Wales*

(Bohn's Library, 1863), p. 490. Cf. *The Honour of Denbigh* (1334, ed. by Sir P. Vinogradoff and F. Morgan), p. XLVII.

51. L. Carr, "The Mounds of the Mississippi Valley," in *Annual Report of the Smithsonian Institution* (1891), p. 514.

52. *Jesuit Relations*, vol. IV, p. 195 (1627); vol. XVIII, pp. 233-235 (1640); vol. XXI, p. 119 (1640-41); vol. XXIII, p. 225 (1642).

53. Bressani (1653), in *Jesuit Relations*, vol. XXXVIII, p. 245.

54. *Jesuit Relations*, vol. I, p. 85 (1610); vol. III, p. 209 (1616).

55. L. Carr, "The Mounds of the Mississippi Valley," in *Annual Report of the Smithsonian Institution* (1891), p. 516 (1687).

56. *Jesuit Relations*, vol. LX, p. 165 (1675-77); vol. LXV, p. 75 (1699); vol. LXVII, p. 163 (1723).

57. Gravier in *Jesuit Relations*, vol. LXV, p. 133 (1700); L. Carr, "The Mounds of the Mississippi Valley," in *Annual Report of the Smithsonian Institution* (1891), p. 528 (18th century).

58. A. L. Cureau, *Savage Man in Central Africa* (1915), p. 226.

59. J. G. Frazer, *Totemism and Exogamy* (1910), vol. II, p. 432.

60. *Ibid.*, p. 533.

61. *Ibid.*, pp. 549-550.

62. Considerable information on China has been supplied by the Rev. Mr. C. R. Carscallen, Chentu, China.

63. See above, chap. III, n. 36.

64. J. G. Frazer, *Totemism and Exogamy*, (1910), vol. II, p. 533.

65. G. Schweinfurt, *The Heart of Africa* (1878), vol. I, pp. 113-117.

66. Cf. O. J. Thatcher and E. H. McNeal, *A Source Book for Medieval History* (1905), pp. 343-344.

67. A good illustration is to be found in the southern part of the English colony of the Gold Coast in West Africa. Five or six villages are grouped together to provide companies

of warriors, each company being under a captain. Each tribe has a chief who is in command over all the captains. Over all the tribal chiefs is the head chief or king. A. B. Ellis, *The Tshi-Speaking Peoples of the Gold Coast of West Africa* (1887), pp. 273-280. Cf. the *comitatus* of the Germans.

68. *Precarium, patrocinium fundorum beneficium.*

69. *Patrocinium, commendatio.*

70. Of course, in case the commendation was to a monastery or other ecclesiastical establishment, the exchange of services might be different. The poor man would receive the intercession of the clergy for his soul and he and his descendants would forever serve the clergy in return.

71. Grant of immunity, or *sac* and *soc*.

72. Home farm, inland, demesne, *dominium*. Cf. Sir P. Vinogradoff, *The Growth of the Manor* (1905), pp. 224-225.

73. Manor means house. Other terms for manor are *seigneurie* in France, *Rittergut* in Germany, and *shōyen* in Japan.

74. In Wales, several hamlets were made into a village or manorial group.

75. For the description of an ancient plantation, or villa, near Pompeii, see T. Frank, *An Economic History of Rome* (1920), pp. 209-210.

76. *Villicus*, or bailiff.

77. A. E. Bland, P. A. Brown, and R. H. Tawney, *English Economic History: Select Documents* (1914), pp. 16-17.

78. Cf. The Sacred Books of China, *The Lî Kî* (trans. by J. Legge, 1885), vol. I, pp. 209-212.

79. T. Frank, *An Economic History of Rome* (1920), pp. 9-12.

80. E. W. Hopkins, *India, Old and New* (1902), p. 214.

81. See below, pp. 86-91.

82. W. Crooke, *Natives of Northern India* (1907), p. 129.

83. For a list of markets in English manorial villages, see the *First Report of the Royal Commission on Market Rights and Tolls* (1889), vol. I, pp. 63-88. Cf. pp. 33-37.

84. A. B. Ellis, *The Tshi-Speaking Peoples of the Gold Coast of West Africa* (1887), p. 88.

85. Among medieval villages the holy cross or church yard.

86. See the 10th-century English charters in *First Report of the Royal Commission on Market Rights and Tolls* (1889), vol. I, pp. 33-34. Cf. pp. 63-88.

87. Cf. B. H. Baden-Powell, *The Indian Village Community* (1896), pp. 16, 173-174, 441; A. H. Smith, *Village Life in China* (1899), pp. 227-231; Y. K. Leong and L. K. Tao, *Village and Town Life in China* (1915), p. 36. The question whether there were village officials in Anglo-Saxon England is still unsolved.

88. See the following section on Outstanding Communities: Urban Villages, pp. 89-96.

89. See above, p. 62.

90. S. H. Stites, *Economics of the Iroquois* (1905), p. 41.

91. A. B. Ellis, *The Tshi-Speaking Peoples of the Gold Coast of West Africa* (1887), pp. 331-332.

92. The emancipation of 1861 was chiefly of serfs, but the household serfs in Russia had been virtually slaves.

93. C. G. and B. Z. Seligmann, *The Melanesians of British New Guinea* (1910), pp. 456-457.

94. Tacitus, "Germania," in *Works* (Bohn's Library, 1904), chaps. 13, 14, vol. II, pp. 303-305.

95. For the village shrines of India, see H. Whitehead, *The Village Gods of South India* (1916), pp. 14 f.

96. J. G. Frazer, *Spirits of the Corn and of the Wild* (1912), vol. II, pp. 35-37.

97. F. L. Griffith, *Beni Hasan Archæological Survey of Egypt*, pt. III (1896), p. 25, and plate V.

98. Bible, Numbers, chap. 32; 16, 17.

99. W. Fowler, *The City State* (1895), p. 35.

100. The *Iliad* of Homer, bk. XVIII (trans. by Lang, Leaf, and Myers), pp. 380-385.

101. Homer, *Odyssey* (trans. of G. H. Palmer, 1891), p. 6.

102. Cæsar, *Bellum Gallicum*, bk. I, §5.

103. Strabo, *Geography* (Bohn's Classical Library), vol. I, p. 277.

104. Cæsar, *Bellum Gallicum* bk. V, §21. Cf. J. M.

Kemble, *The Saxons in England* (1876), vol. II, pp. 263-264.
Cf. *The Laws of Manu* (trans. by G. Bühler, 1886), p. 227.

105. *Beowulf* (trans. by J. M. Garnett, 4th ed., 1900), lines 54, 522, 1731, 1927-1928, 3100.

106. A. B. Ellis, *The Tshi-Speaking Peoples of the Gold Coast of West Africa* (1887), pp. 3, 4, 273.

107. H. A. Junod, *The Life of a South African Tribe* (1913), vol. I, p. 391.

108. J. H. Breasted, *A History of the Ancient Egyptians* (1908), p. 33.

109. Sir F. Pollock and F. W. Maitland, *History of English Law* (1899), vol. I, pp. 636-637. Perhaps the hundred-manor was an urban village even earlier than the boroughs. See the thesis of Miss E. B. Demarest (Radcliffe College, 1913).

110. A. H. Smith, *Village Life in China* (1899), p. 15.

111. A. Ballard, *The Domesday Boroughs* (1904), pp. 31-36.

112. O. J. Thatcher and E. H. McNeal, *A Source Book for Mediæval History* (1905), pp. 71-72.

113. Catherine II of Russia is said to have created 216 new towns in twenty-three years, in many cases by simply having built a few administrative log houses. D. M. Wallace, *Russia* (1877), p. 171.

114. *Ancient Laws and Institutes of England* (ed. by B. Thorpe, 1840), vol. I, pp. 159, 207, 218, 241.

115. R. Pöhlmann, *Die Ubervölkerung der antiken Grossstädte* (1884), pp. 3 f. R. Maunier, *L'Origine et la Fonction Economique des Villes* (1910), pp. 50 f.

116. W. Fowler, *The City State* (1895), p. 51.

117. Fustel de Coulanges. *The Ancient City* (trans. by W. Small, 1901), pp. 171-172.

118. Thucydides, *History* (ed. B. Jowett, 1881), vol. I, p. 104.

119. Fustel de Coulanges. *The Ancient City* (1901), pp. 179-181; W. Fowler, *The City State* (1895), pp. 54-55.

120. In New England, village communities were originally also called "towns" (townships). Thus, we see that words

do not constitute safe guides in the history of towns or villages. Man's vocabulary is more limited than the forms of his social institutions. Accordingly one word is made to apply to several kinds of similar institutions. In economic history stock, capital, company, agriculture, industry, and distribution are all used in two or more senses.

121. Cf. W. Sombart, *Der moderne Kapitalismus* (1920), vol. II (1), pp. 128-129.

CHAPTER IV

TOWN ECONOMY

26. THE ECONOMIC TOWN AND TOWN ECONOMY.

Town
and
village

The town developed out of the village. It was characterized by a growing economic ascendance over near-by villages. We have already seen that the urban village possessed a dominance over adjacent rural villages, that was political (or administrative), religious, and social. We are now concerned with a corresponding development in the economic field, especially in trade.

Trade
omni-
present

The exchange of goods has taken place in all the earlier stages of known human history. It is an obvious means of getting what you have not, in return for what you already possess in quantities beyond your needs. War and feuds have stopped it for a time or made it precarious, but it has always revived. The climate has been so debilitating as to make possible the production of very little surplus for exchange, but some one from a more energetic district enters to point out what can be done and even to direct operations, as in the tropics to-day where Englishmen and others are developing the sluggish economic life of the natives.

Trade
in the
settled
village

Exchange in the collectional and nomadic stages had been carried on at various favorable spots on the boundary line of the home territory of each people. In the village stage the market place was definitely

located in one spot in one village convenient for neighboring villages. On this village market, peasant exchanged product with peasant, and each gave of his surplus manufactures, cloth, leather, utensils, to the other in return for part of his surplus. Trade was direct. Original producer exchanged with original producer. There were no specialized middlemen.

Each village was the peer of the other in matters of trade. Indeed, the mere location of a market in the village—it had to be in some village—gave that community no pre-eminence in trade at first. Hundreds of villages once possessing markets are villages and insignificant villages to this day. Some Chinese villages regard the influx of undesirables attendant upon markets and fairs as more than an offset to the advantage of easy access to a market place.

Market
villages

But when there came into being a class of traders who resided in a market village, and who had stores which not only supplemented the market place but became its rivals, then the economic town was born.¹ The village (rural or urban)² had become a town, and village economy had given way to town economy.

Birth of
the town

When the specialized trader came into existence, located in a market village and trading from his house, he introduced a new economic organization of vast importance, town economy. Such a trader might go (sometimes against town regulations) to the nearby market villages to buy and sell, but his main business was to concentrate the exchange of goods in his store in his home town. He might go out upon the market place or to the merchant hall of his own town to buy his supplies or to sell his goods,³ but he preferred to attract seller and purchaser to his humble place of business. This was the single room in his dwelling where he, or his wife, was always to be

Special-
ized
trader

Store

found. Here he had stored up wares of many kinds, where they could be divided and sold to customers in any quantities. In short, this trader was offering a new service to his fellow townsmen and to the near-by villagers: he was always ready to buy and always ready to sell. He (or his wife, if he were absent) was in his store, not simply from sunrise to noon, or any other restricted period such as prevailed on the market place, but from morning till night. He was in his store to do business, not simply one or two days a week when a market was held or once or twice a year when the fair was under way, but every day except the holiday, and even then, we may suspect, he could be found, if a customer wanted him. Perhaps we can visualize this by an analogous situation of our own day. A man living in the suburbs of a city often opens a room of his house, or builds an addition to his house reaching to the sidewalk. Here he caters to the trade of his district. He keeps a variety of wares, opens early, closes late, and even sells goods on Sunday. He meets a real need, though no such far-reaching results follow as from the kindred actions of his forerunner in the early town.

Two
trade
tenden-
cies

In many towns there were two opposing tendencies. On the one hand, traders preferred to sell from their own houses. On the other hand, public policy and some advantages in buying and selling led to concentration of trade in one building, or in a few specialized places. Such are the bazaars of the Orient and the halls of medieval towns. Ultimately, in the second phase of the town's history, the two tendencies were somewhat merged. Stores in the houses of the merchants were in common use, but the stores were localized on certain streets.

The characteristic of the town was trade. If the

trade remained local, the town itself remained local and unimportant, but if favorably situated for extended trade, it grew rich and famous. When located on a river, at the head of navigation (Basel), at a good landing (London), or at the confluence of two rivers (Coblenz), the town was likely to attain some importance. Such were the great river towns of ancient history, Ur, Nippur, and Babylon; Memphis and Thebes. A town situated on the shore of a lake or a sea, and having a good riding for ships, especially at the mouth of a river, had obvious advantages. Examples are to be seen on almost every map, but Carthage, Rome, Lisbon, and Dantzic are of prominence. The special position of such towns explains their eminence. Lesser towns enjoyed only the distinction of being central for the adjacent villages.

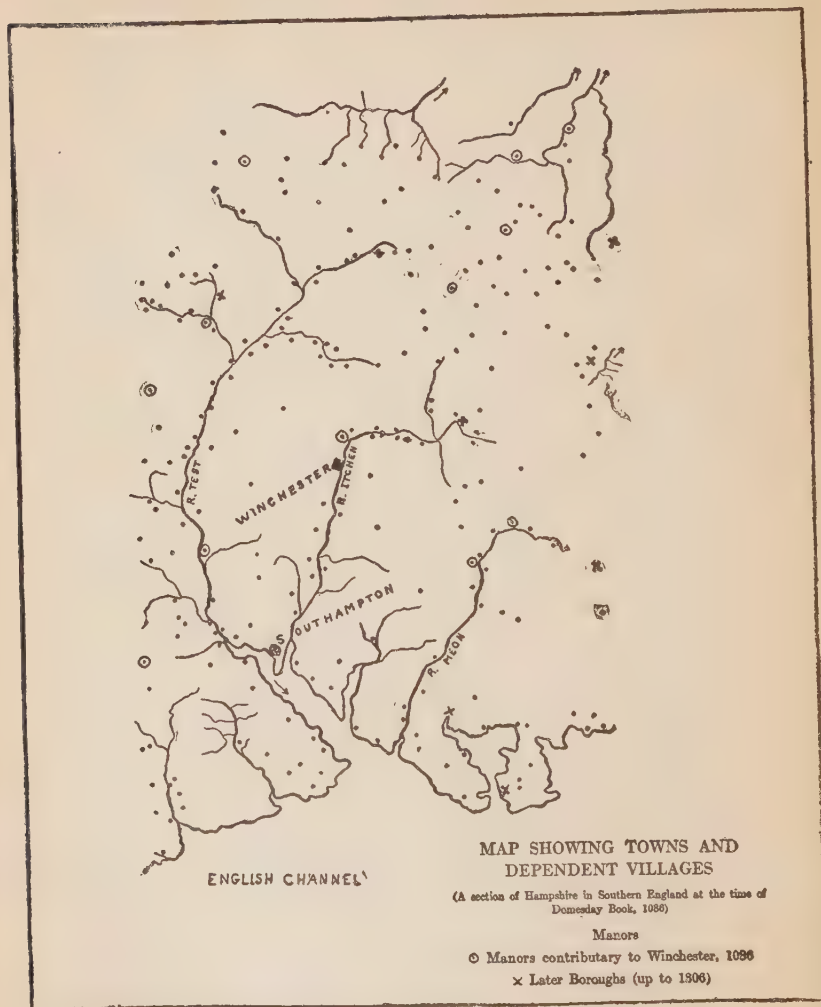
Location
of towns

An economic town would not look very different from a market village, especially an urban market village. And certainly in the transition from one to the other, differences were not great. But the conditions that made the economic town were also to develop it into a community of specialized traders and manufacturers who would form guilds or associations of their own, seize control of the town government, and in the most successful towns build elegant homes and splendid churches.

Appear-
ance of
a town

In concentrating on the town we must not forget the district dominated by it. The town was the nucleus; the surrounding territory, with a radius of ten or twenty miles in which were located a score or more of villages, constituted the rest of the economic cell. From the standpoint of the town, the villages were its customers and sources of supply. From the standpoint of the villages, the town was the center to which they went to dispose of their surplus products

Area
around
the town



and to add to their supplies. The relationship was, of course, not only one of mutual dependence but one of mutual advantage. If the district was fertile and accessible, the town nucleus would be large and flourishing and the townsmen rich and prosperous.

We must not think of the town economic *area* as closed to the outer world, much less surrounded by a wall or fortification of any kind. The villages nearest to the town would be most dependent; those farthest away would trade with two towns, being on the border of two town economic units. Town economy is an organization of consumers and producers who work out their dependence on one another and on the outside world through the agency of a town. The town sold to the village its own manufactures (if it had any⁴) such as fine cloth and fine shoes, the manufactures of distant lands such as wines, beads, weapons, and utensils, and the raw products also brought from afar such as spices and dried fruits. The village gave in return for these its cereals, meat, and hides, and such coarse cloth, cheese, butter, and beer as were manufactured beyond its needs. Both the town and the village had raw products and manufactured goods for sale.

Area
around
the town
not closed
to the
rest
of the
world

Definition
of town
economy

Town economy is the organization of many villages and one town, so as to constitute a single economic unit. The town was the center of local trade and the center to which were brought the products from other districts for sale to the people of the town and to the people of the villages. It was also the center to which the villages of its district sent such goods as were suitable for export to other districts, perhaps even to foreign lands.⁵

Town
and
villages

It can hardly be too strongly emphasized that we are here dealing with purely economic considerations.

Town
politic-
ally con-
sidered

1406

Town
wins as
against
the
village

Village
wins

Histori-
ography

The economic town might also constitute a politically independent state⁶ (such as Pisa in the early Middle Ages) or might be but one part of a state dominated by another town as in the case of the "city" states of antiquity and of the Middle Ages (such as Pisa after it was conquered by Florence). Or, as was often the case, it might lie within a large empire or territorial state, constituting an insignificant, yet vital,⁷ part of the whole national or imperial group.

27. WHEN TOWNS DEVELOPED: STRUGGLE BETWEEN TOWN AND VILLAGE. In the field of material culture, the town stage was the highest that most civilized or advanced peoples ever attained. It was indeed so high that it often toppled over like the slender turret of a temple or the over-refined steeple of a Gothic church. People in the town stage were constantly menaced by those in a lower stage, either by people in the cultural nomadic stage or that of village economy. And when the town fell the village took its place. This is one of the most tragic, as well as one of the most common, occurrences in history. It is clearly "retrogression ever dragging evolution in the mud."

Town economy occupies a stage in human history, not a period of time. A people climb the great heights of the town stage and then fall down. The process begins over again, sometimes with the same result. How long this struggle has gone on, we cannot say; but during at least the last five thousand years of recorded history, the rhythmic rise and fall of towns is the outstanding event in the history of advanced peoples. It is not a matter of wonder that this was the case because written history was a town accomplishment, and the science of history writing took its origin in the town,⁸ the home of peace, orderly government, wealth, and leisure.

The earliest civilization, of which we have any knowledge, grew up in Egypt, all the cradles of which were towns on the River Nile, such as Memphis, Abydos, and Thebes. Perhaps the civilization on the Euphrates and Tigris Rivers was little, if any, later than that of the Nile. In Nippur, Ur (the home of Abraham), Akkad, Lagash, and Babylon, a high form of culture developed. From these cities the Hebrews obtained much of their theology, which has come down to us directly in the Bible. The earliest codes of laws now extant come from Nippur and Babylon.

Egypt

Babylonia

In Phœnicia, Tyre and Sidon (great centers of trade) were very ancient towns, and in Crete the highly cultured Cnossus. In Greece, Mycene, Tiryns, and Argos were the seats of town civilization, while Troy was prominent in Asia Minor. In all of these instances, with the possible exception of Cnossus in seagirt Crete, danger from without was a constant menace. How early and how often these towns fell and started over again^o as villages we do not know. But certain it is, that they have all fallen, and some so low that their very location is now determined with difficulty. In Greece, when migrations of the non-town peoples, called Ionians, Æolians, and Dorians, took place, town civilization gave way to the village stage. In due time the newcomers established towns of their own. In place of the old centers, Mycene, Tiryns, and Argos, there grew up the new towns, Athens, Sparta, and Corinth, with a culture higher than the older one.

Towns of eastern Mediterranean

In Italy, possibly contemporaneously with the old Greek cities, Etruscan towns, notably Veii, attained considerable development. Latin towns such as Rome and Greek towns such as Sybaris and Croton gave color to a later period in the history of Italy. Great

Towns in Italy

Rome

as the power of Rome finally became, it was not able to withstand the attacks of non-town peoples wandering about in search of plunder and homes. In 382 B.C., the Gauls plundered the city of Rome, but without capturing the citadel. In A.D. 410 the West Goths and in A.D. 455 the Vandals seem to have gained possession of the entire city. Rome itself survived, but it retrogressed till in the early Middle Ages it was insignificant when compared with its former self, and many Roman provincial towns entirely disappeared. In their places came a new generation of economic centers, Amalfi flourishing in the 11th century, Pisa in the 12th century, Genoa in the 13th, and Florence and Venice in the 15th. Florence was the Athens and Venice the Corinth of reviving Italian civilization.

Gaul

In France the old towns gave way when the Franks (a Germanic people) conquered the Gauls (Kelts akin to the Irish and Welsh). The ancient towns of Vienne, Lyon, Toulouse, and Bordeaux were left in ruins or reduced to villages. Later they revived, but this time it was not Lyon but the new town Paris that was to stand out among its neighbors.

Britain

In England a similar development took place. The old British towns (perhaps sixty or more in A.D. 120)¹⁰ much improved during the Roman occupation, were not appreciated by the Jutes, Angles, and Saxons (Germanic kinsmen of the Franks), who thought of no higher stage than village economy and allowed the old towns to fall into ruins (A.D. 449 to about 900). A few of them rose again as minor towns, such as Chichester and St. Albans; others regained or surpassed their earlier state, such as London, York, and Winchester. But as in the case of the French towns, the new places owed little or nothing to the

old ones except their location and a few building stones.

The story of centers in Germany is very similar. The old Roman provincial towns of Cologne, Mainz, and Coblenz revived after the imperial Roman troops had been driven out. They had been the farthest outposts of Roman town culture in the direction of the Germanic area of village economy. But other towns of later growth were to rival or surpass them, such as Lübeck, Hamburg, Berlin, and many others. Germany

In economic history the growth of towns, their decay, and later revival constitute a cultural cycle. From about 3000 to 1500 B.C. the "Ægean" civilization of Memphis, Nippur, Mycene, and Cnossus was at its height. Then came a period of town decay and village dominance, about 1500 to 700 B.C. the earliest middle ages of which we have any knowledge. Finally in the birth of Athens, Thebes, Corinth, Syracuse, Carthage, and Rome, the modern period, about 700 B.C., to A.D. 500, came into being, the modern period of Herodotus, Thucydides, and Caesar. To us this is, of course, the "ancient" period. And after it came our Middle Ages, about A.D. 500 to 1100, when the village, championed by the various Germanic peoples, again triumphed over the town. *Our* modern period began, as far as economic history is concerned, with the rebirth of town economy and town culture about A.D. 1100. There will probably be no more such historic cycles, for the struggle between town and village economy has been won by a third organization, dominated not by the town but by the large commercial city. Town cycles

We know but little about the early economic history of China or India. Probably long before the birth of Christ, towns grew up in China, whether for China

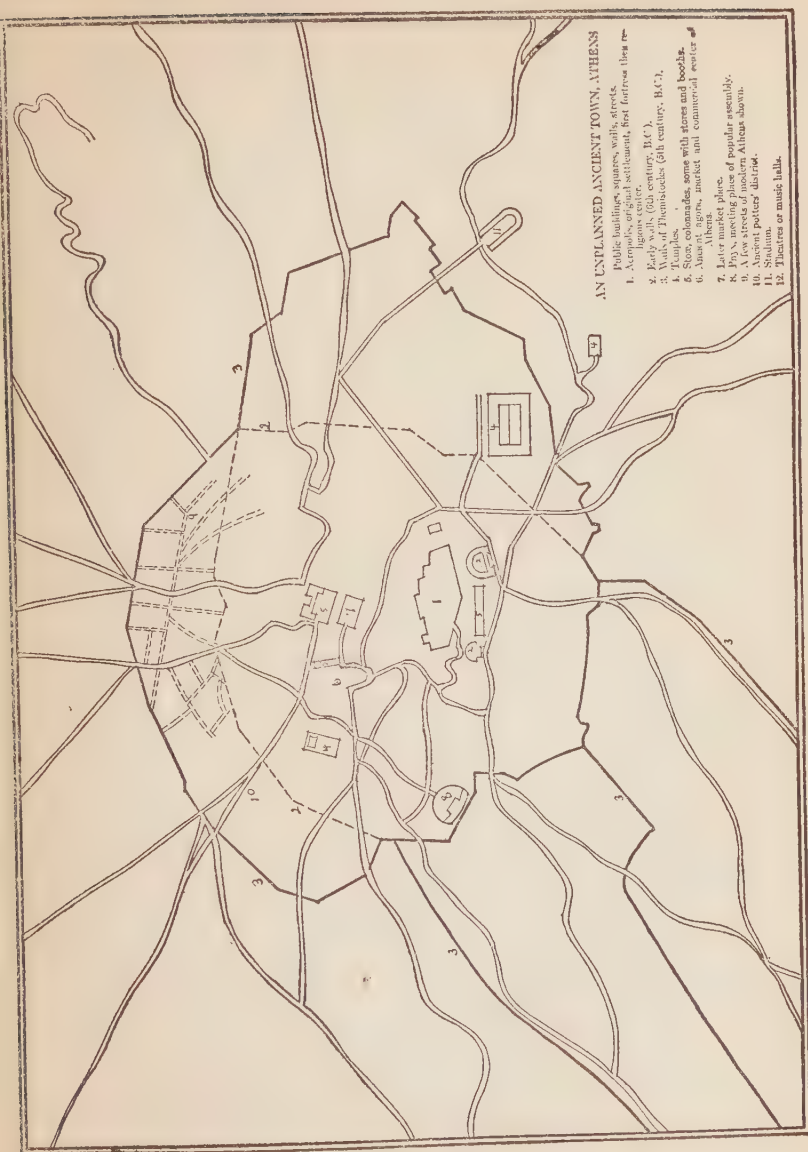
the first time or not is uncertain; but there is no reason to doubt that their existence has been continuous to this day. This is the stagnation the Westerners call "Chinese," a civilization not so low as the village nor yet so high as the metropolis, the civilization of the town. Artistically and morally it is high, but materially and scientifically it is low. India was not so far advanced as China. Towns existed there, but they were frequently only urban villages. Whereas China stagnated at the threshold of developing into a higher stage, metropolitan economy, India stagnated at the threshold of town economy—until Europeans arrived.

Date of
town be-
ginnings

The exact time when individual towns originated is generally difficult to discover. Some dates have been handed down, but they are either approximate or questionable. Of course, towns that were established late in history by other towns and some founded by sovereigns such as Alexander the Great, have a beginning that can be exactly dated. But in the vast majority of cases, the dates refer to town beginnings which are so vague as to serve no useful purpose in economic history. What we want to know is when a community became an economic town. Often we may suspect that the traditional account of the founding of a place refers simply to the development of the rural into the urban village (political town).

Mediterranean
colonized
towns

28. CREATED TOWNS. Normally, in the ninety-and-nine cases, towns developed slowly out of villages. Sometimes, however, they were created—that is, brought into being in a very short time. The most common manner of creation was by colonization.¹² The ancient Phœnician towns, such as Tyre and Sidon, planted colonies in the Mediterranean. Carthage (founded before 800 B.C.) was the most prominent



historically, but was only one of many. The Greek "city" states seemed to overflow with energy and population, and like bees under similar circumstances swarmed to set up new towns. A band of Corinthians founded Syracuse somewhat before 700 B.C. People of Phocæa (a Greek town on the coast of Asia Minor, near Smyrna) planted a trading colony about 600 B.C., at Massilia, the modern Marseille. And Athenians and many others, in 433 B.C., joined forces to found the town of Thurii in southern Italy, as a place for free intercourse and untrammelled development of Greek ideals.

Reasons
for new
towns

Greeks left the mother city that they might find new homes in which to burn the sacred fires, unhampered by local tyrants or oligarchic groups, and where the getting of a living was more certain. Somewhat different was the aim of the Romans in their foundation of colonies. Their purpose may have been at times to get rid of an over-plus of hungry plebeians, but it was chiefly to establish outposts which would hold territory already gained and prepare for further conquest. Beginning in Italy near at hand, Rome captured one town after another, and especially from the 4th and 3d centuries B.C., planted in them groups of Roman colonists. When Italy had been conquered, the process was continued east and west, north and south. The great majority of these colonies were substantially military garrisons planted on the sites, often within the walls, of earlier settlements. And indeed, it has usually been thus. Rarely in the older lands do we find an economic town begun in the waste or wild. It follows the lines of some early village, rural or urban.

It is interesting to note a parallel between Roman and Germanic history. The Germans, from about

the 9th century, began to win back from the Slavs (Russians and Poles) much of the territory that now makes up eastern Germany. Part of this great task was later performed by the Teutonic Order of Knights, a military order that established forts or castles and brought colonists from western Germany. The important town of Königsberg developed from such a military foundation, and Thorn, founded in A.D. 1231, by the same Order, was colonized by Germans from Westphalia.

German
towns

Since the discovery of America, colonization has led to the foundation of many towns. These towns usually have had a strong agricultural basis, but also from the first a commercial aspect. While the former receded the latter gained. The process did not stop with the activities of Europeans; the colonists themselves colonized. The towns of Massachusetts were the planters of the early towns of Connecticut and Rhode Island. This has gone on till town has followed town from the Atlantic to the Pacific. No actual home fires were carried by the founders, and no material household gods were taken with them, but old ideas and ideals followed them. And so throughout history we have to reckon not only with an indigenous culture, one grown on the spot, but also with a transplanted civilization from an earlier center, from Carthage to New Carthage (Carthage), Rome to Tarraco, Boston to Minneapolis.

Towns in
America

Individuals of great power, and sometimes of great foresight, have founded towns. Alexander the Great seems to have started about six that were named after him, though only the Alexandria of Egypt attained first-rate importance.¹²

Founders
of towns

In the ancient world the foundation of towns happened so often that one writer living about a genera-

tion before the birth of Christ speaks of the establishment of a town as a commonplace act. He even sets forth the essential parts, such as the temples, *gymnasias*, council halls, markets, harbor, docks, streets, dwellings, and walls.¹³ So deeply rooted did the idea of a foundation become that most towns felt obliged to explain their beginning by furnishing a founder, and Greek literature from Homer on contains many accounts about these legendary heroes. Athens had its Theseus, Thebes its Cadmus, Tenedos its Teneas, and Tegea its Tegeates. Megalopolis was formed by Epaminondas as a bulwark for the Arcadians against the Spartans. Its area was large: the number of villages constituting it was said to be forty.¹⁴

Greek
towns

Medie-
val towns

Founders
of towns
in
America

In the early 10th century, the two children of Alfred the Great, Edward and Ethelfled, established towns in mid-England, and Henry the Saxon in East Germany as part of the German aggression against the Slavs, already mentioned. In 1682 William Penn founded Philadelphia almost in the wilds. And occasionally nowadays a great industrial magnate or corporation sets up a town, such as Pullman in 1880 and Gary in 1906, to manufacture some commodity on a large scale. But these modern towns do not interest us at this point because, although towns, they are not part of town economy but of a stage that came later.

Town
develops
without
plan

In all essentials the towns that are founded or planted resemble the towns that have developed slowly out of villages. Some of them may have a little more regularity at first, but the tendency is for the community later to evolve without plan, growing here and there in answer to a temporary need. And so it is with early social progress; it is instinctive, comes slowly, feels its way, has no vision, but makes relatively few mistakes. As witness to this a clergy-

man once declared, it is reported, how benevolent a Creator we have, to make the great rivers flow through the great cities of the earth.

29. FORM OF THE TOWN. If the town was established by colonists, or founded by one man, or rebuilt, or moved from one location to another, it might receive some degree of town planning.¹⁵ But if it grew out of the village, as it generally did, it would have no more plan than the village had. And, as we have seen, this was largely a matter of conforming to a general type, either the nucleated or the non-nucleated village. But since the town necessarily laid stress on fortification, the form tended to be compact, such as could be compassed by walls or was near to a central castle or fort.

Compact
in form

Towns generally have a center distinguished by temples or churches (sometimes a cathedral or bishop's church), a citadel or castle, and a market place (the old village commons?) near which are the shops of the artisans and the stores of the traders.

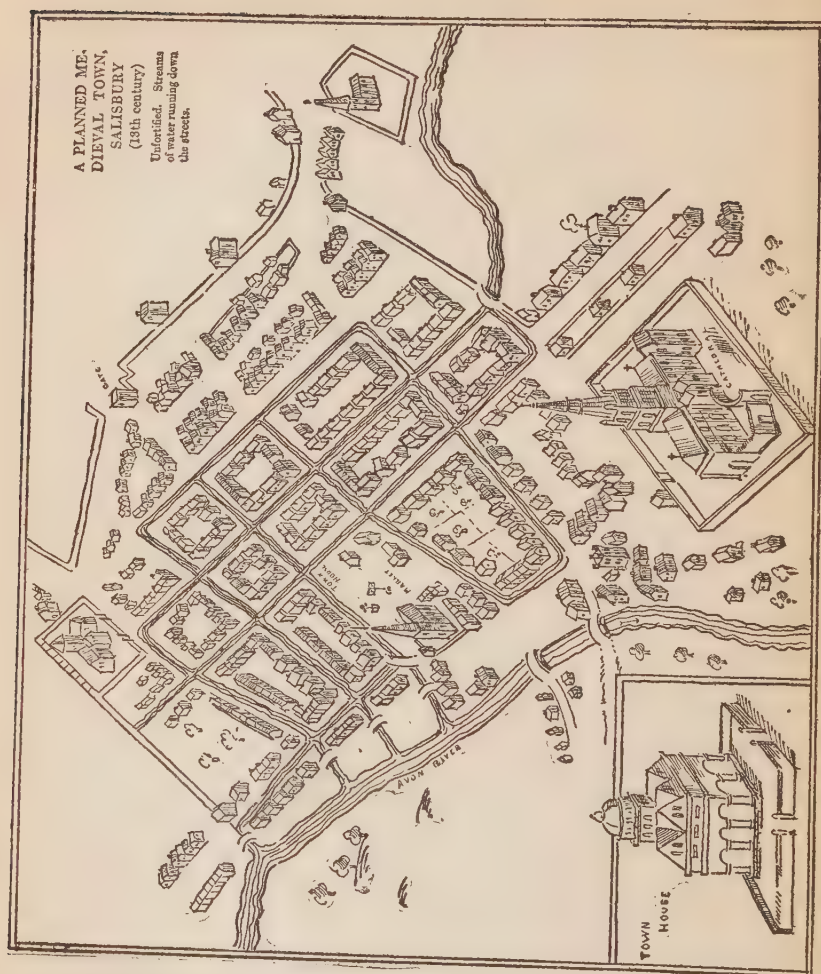
Churches,
castle,
market
place

In flourishing towns such as ancient Rome and medieval London there developed special market places, for the sale of special commodities such as corn, cattle, and fish. But the limits of growth within the old area were very restricted. Walls might be torn down and extended here and there, but this was an expensive process. The almost universal result was growth beyond the old boundaries, outside of the old walls. To the town (*urbs*) were added the suburbs (French *faubourg*, German *Vorburg*) outside the town.

Town
markets

Suburbs

When the town was built on a river—frequently on the bend of a river—the suburban growth would first take place on the other side, where there was plenty of room. A bridge would be built to connect



the parts, and sometimes on this bridge shops, stores, or mills would be located, as on the bridge crossing the Arno in Florence and that crossing the Thames in London. Additional markets and shops, stores, warehouses, and public buildings would be erected on the other bank. In many towns not only did certain streets become identified with certain trades, but certain sections with special groups of persons. The ghetto of the Jews was often a walled district and locked up at night, so that no Jew might leave his own quarters and no Gentile enter Jewish precincts. Ghettos prominent in history were found in Prague, Vienna, and Frankfort.

Ghettos,
11th to
19th cen-
tury

The general manner of town growth was not according to plan but accretion. The original nucleus was a village, rural or urban. To this, other features were added. Even the colonized or founded town lost its regularity or special form as it grew.

30. THE EARLY TOWN: COMMERCIAL. In the early part of its history, the town was pre-eminently commercial. This does not mean that there was no manufacture in it, but that such manufacture as existed was either for household use or was insignificant in amount.¹⁶ When the village was developing into the town and when the early town was struggling to win a place for itself, manufactures were carried on chiefly in the country. Relatively late in its development, the town learned that it might serve the country-side by specializing in manufactures. Although in some cases only a few generations would be required, in others a thousand years have not been long enough to establish town industries. In the 8th and 9th centuries Russian towns were commercial and such they remain to this day in the great majority of cases. Prominent among such early places are Kiev,

Com-
merce,
not
manufac-
ture,
makes
the town

Russian
towns

Smolensk, and Novgorod.¹⁷ Everywhere we find that commercial pursuits were more prominent than industrial. The cities of the ancient world were noted for their commerce before they were famed for their manufactures. And so with the medieval. Commercial associations generally appear before industrial in the Middle Ages. And merchants are found grown rich in worldly goods and powerful in the government of the town before artisans made any headway in their business, to say nothing of their attaining political power.

Early
town
mer-
chants

About these early merchants, whether dealing in local or extended trade, we know very little that is specific but much in a general way. Even in early biblical times merchants were held in high esteem: "Who hath taken this counsel against Tyre, the crowning city, whose merchants are princes, whose traffickers are the honourable of the earth?"¹⁸ Most of the merchants, however, were not princes but small traders, the possessors of very little capital. Sometimes their ventures were far afield, but more often quite near at hand. They dealt in four principal groups of commodities. One was made up of such raw materials as wool, flax, hides, and foodstuffs such as fish, grain, olive oil, salt, and spices. Another consisted of semi-manufactured goods, prepared in the country,¹⁹ notably wine, beer, butter, cheese, pitch, leather, and vegetable dyes. The third group included semi-manufactured wares from mining or quarrying villages, iron, tin, copper, and millstones. And the last a few manufactures from towns more advanced economically, such wares as fine cloths and weapons.²⁰ As time went on, those simply called "merchants" became specialized, and bore names indicating the nature of their wares—vintners, corn-

Articles
of town
trade

mongers, fishmongers, salters, ironmongers, spicers, and drapers. The retailers were often called "regrators," while those who engaged in wholesale of a general character continued to bear the name of "merchants," sometimes mercers.

We are, of course, much interested in the personal condition of these merchants, creators of the town and of town economy. In both ancient and medieval times merchants were normally free men. The older the town, the more likely was this to be the case. When free villages developed into towns, they, of course, became free towns. Freedom was necessary to trade, though merchants might buy and sell slaves, and indeed use slaves in their trade, as among the Greeks and Romans, with considerable success, especially when the slaves had themselves been free merchants before being captured and when in their captivity they had been promised freedom for faithful service.

Merchants
not
servile
but free

But many towns developed out of the dependent villages. This was quite feasible, provided the lord of the village granted freedom to the traders. But for rapid and outstanding success, many liberties and great privileges were necessary. In 1181 and 1188 Lübeck, already a town but not very prosperous, received from its lord such concessions,²¹ and its prosperity was henceforth assured. The granting of charters of liberties was a common event in the later Middle Ages. Sometimes it was due to the enlightened policy of the town, sometimes to the lord's need for the money that the townsmen were willing to pay for a renewal of old privileges or the grant of new ones. King John (1199-1216) of England, wholesale purveyor of charters, well illustrates how much good a bad king in need of money may do. The potentates

Manors
become
towns

Charters,
especially
beginning the
13th century

of the Church were generally slow in granting such liberties, and accordingly in ecclesiastical towns especially at a later date, we find numerous uprisings on behalf of greater freedom.

Mer-
chants
and self-
govern-
ment

The merchant was the town's original champion of selfgovernment. He sought freedom from the lord of the town, if there was one. He was at first approximately equal to his fellow merchant, and, as we shall see, he formed associations for the mutual benefit of merchants. But we must not erect all this into a conscious idealizing of liberty, equality, and fraternity, such as existed at the time of the French Revolution.

1074
Typical
uprising
in Ger-
many

In Cologne a typical uprising took place, under the leadership of a young merchant. The lord of the town was the Archbishop of Cologne. When the Bishop of Münster was ready to go home after paying a visit to Cologne, the Archbishop ordered his own servants to find a suitable boat for the Bishop. The servants violently seized one belonging to a prominent merchant of the town. The merchant's son, as bold as he was strong, hurriedly gathered together the young men of the town, and after much rioting, expelled the Archbishop and his officials. The Archbishop had been accused of laying unjust burdens on the people, insulting honorable citizens (he had an uncontrollable tongue), and depriving innocent persons of their property. During the disturbance the valiant conduct of the citizens of another Rhenish town in expelling their Bishop-lord was proclaimed and extolled.²²

Southern
France,
about
1107

In the town of Carcassonne, typical as far as the present interest is concerned, there were four groups of persons taking the oath of fidelity to the lord of the town. One was made up of burgesses or merchants,

one of knights, and the others were the "remainder of the people," and the suburbans.²³ The knights are placed first as occupying, at least officially if not actually, the most important place in the town. This aristocratic element of town life, no matter by what local name it is known, we may call "patrician."²⁴ Town patricians The patricians were members of families owning land and tenements, generally within the town and sometimes outside as well. This aristocratic class arose in different ways in different places. Probably most commonly the patricians, at least the oldest families, were the descendants of those who had possessed the land in the village stage. In case of a town being conquered by another people, the conquerors would seize the land and tenements and leave the active hard work to the conquered. The conquerors would be the patricians and the conquered the plebeians or populace. War would, of course, have its effect on the landowners who always constituted the bulwark in military struggles. Some families would disappear and their estates fall into the hands of others.²⁵ Since the total amount of land was strictly limited, especially in a walled town, the owners of the land enjoyed monopoly advantages—an assured income of ample proportions.

Doubtless, the town gentry, or patricians, were recruited from similar landed classes in the country. It is not unlikely that the knights, found in some towns as a standing garrison of defense, tended to merge into the class of gentry. Such knights existed in certain strategic centers, most of which had probably grown out of urban villages. In England knights and borough-thegns, formed gilds as early as the 9th century.²⁶

London,
Cam-
bridge,
Exeter

In the history of English towns, patricians played

a relatively minor role, but in German and Italian towns they were generally all-powerful. Venice is an outstanding example of a town ruled and ruled well by a patrician or noble class,²⁷ not for a short period but for a thousand years. Often the patricians divided into two or more groups and waged war against one another. One of the tragedies resulting from such conflict has been dramatized by Shakespeare in "Romeo and Juliet."

Factions
in Flor-
ence

1267

1302

In Florence, as generally in Italian towns, the people were divided into two groups, the Guelfs and the Ghibellines. The latter came to support the Emperor of the Holy Roman Empire, the former the Pope, in their struggle for political supremacy in Italy. The two parties carried their hostility into the petty affairs of private life. One party wore a white rose, the other a red one. One party carried the feather on one side of the hat, the other on the opposite side. The Ghibellines were at last expelled from Florence, leaving the Guelfs supreme. But the Guelfs in turn, or at least the Guelf nobles, split into two factions, the Blacks and the Whites, each with its followers. In due time the Whites, at least many of their leaders, were banished by the victorious Blacks.²⁸ To the former Dante belonged,²⁹ and when his party lost he suffered exile not only from his native city but from the spots sacred to the memory of his beloved Beatrice who was the inspiration of *The New Life* and the figure of blessedness in *The Divine Comedy*.

Roman
patri-
cians

The most famous noble or patrician class was that of ancient Rome, the origin and history of which have been the subject of much dispute. Whatever the origin of the patricians, it is clear that they dominated Rome from a very early date, though they were grad-

ually required to share power with their opponents, the plebeians. Then merging with the richer plebeians, they continued to be influential, even powerful, in the affairs of the Roman Republic.

From the
3rd cen-
tury B.C.

The early Roman patricians with their interest in the land suggest an agricultural aspect of the town that is easily overlooked. The town was essentially commercial, but it did not at once give up all the agricultural pursuits that had characterized the village. Beyond the town walls lay the town pastures and arable fields.³⁰ In ancient times and in the China visited by Marco Polo, agriculture was a joint occupation with commerce. In medieval Leicester, there were about 3830 acres outside the walls probably including meadow and waste land, and more than 130 acres within the walls.³¹ Even in late medieval towns agricultural production was relied upon to supply at least a part of the foodstuffs needed. Most of the houses had cow stalls, granaries, and wine presses, and the town had its shepherd. Citizens had at a late date to be warned not to allow their pigs to wander about the streets. In one English town exception was made in favor of swine with young.³² And in the 14th century it was enacted by London authorities that anyone wishing to feed a pig must feed it in his house.³³ The whole problem of food supply for the early town is interesting. How did the merchants who specialized in commerce provide themselves, their families, and servants with food?³⁴ The small holdings, the valued fish ponds, the family cow tended by the town's cowherd, the sty of pigs, and the doorstep chickens would do their part, but still there would be supplies to be furnished, either by the peasant in neighboring villages or by the lords on near-by lands, some of them perhaps patricians of the town itself.

Town
agricul-
ture

13th
century

Patri-
cians and
mer-
chants in
hostility

The duality of early town life arose through the existence of the two classes, patricians and merchants. We should not think of them as merely existing side by side. In fact, their relationship was close, either in hostility or friendship. In medieval Florence the victory of the noble faction of the Blacks over that of the Whites was due largely to the help received from the rich merchants. Or, we may put it another way, the Blacks won because they were chiefly rich merchants, while the Whites lost largely or wholly because they were only landed nobles.³⁵

Patri-
cians and
mer-
chants at
peace

Much less dramatic than their feuds and battles are their peaceful relationships. To regain their wealth it probably happened that some patricians of broken fortunes entered the ranks of the merchants.³⁶ Nevertheless, in the *early* town it was probably more common for the merchants who had attained wealth to invest in lands, intermarry with the people of birth,³⁷ and ultimately themselves to become patricians. The rich in land and the rich in goods sometimes belonged to the same clubs, participated in the affairs of the senate or council and intermarried, as illustrated by the town of Lübeck, North Germany. The story of Bertram Morneweg is significant. Bertram had been a waif who was picked up and adopted by Marquart von Bardewick, a patrician and merchant. After learning the business of merchant, Bertram left his master and even his master's daughter whom he loved. Going to Riga, he became the partner of a merchant who had known him favorably in Lübeck. Bertram prospered, and when his partner died, he became his partner's heir. Loading his wealth on a big ship, he returned to Lübeck to renew the friendship with his old-time patron and to marry his patron's daughter. For the aged he en-

A young
German
merchant

dowed a hospital, which has long been a landmark in the town. And for the young he left this simple story of material success and of faithful love.³⁸

Some of the most difficult of the problems that the town had to face were at least partly solved by associations of town merchants. Pirates infested the rivers and seas, and land robbers lay in wait on the highways ready to seize goods or to exact a fee for allowing them to pass untouched. The association of merchants, whether temporary or permanent, was the only solution possible at the time. A good illustration of the temporary association comes from the 10th century. Some Saxon merchants journeyed southward through St. Omer and then eastward till they met other merchants from Verdun going southward. For safety's sake, and doubtless too for companionship, the two bands kept together as well as possible, till the Saxons went eastward towards Rome and the Frenchmen westward towards Spain.³⁹

Tempo-
rary asso-
ciation

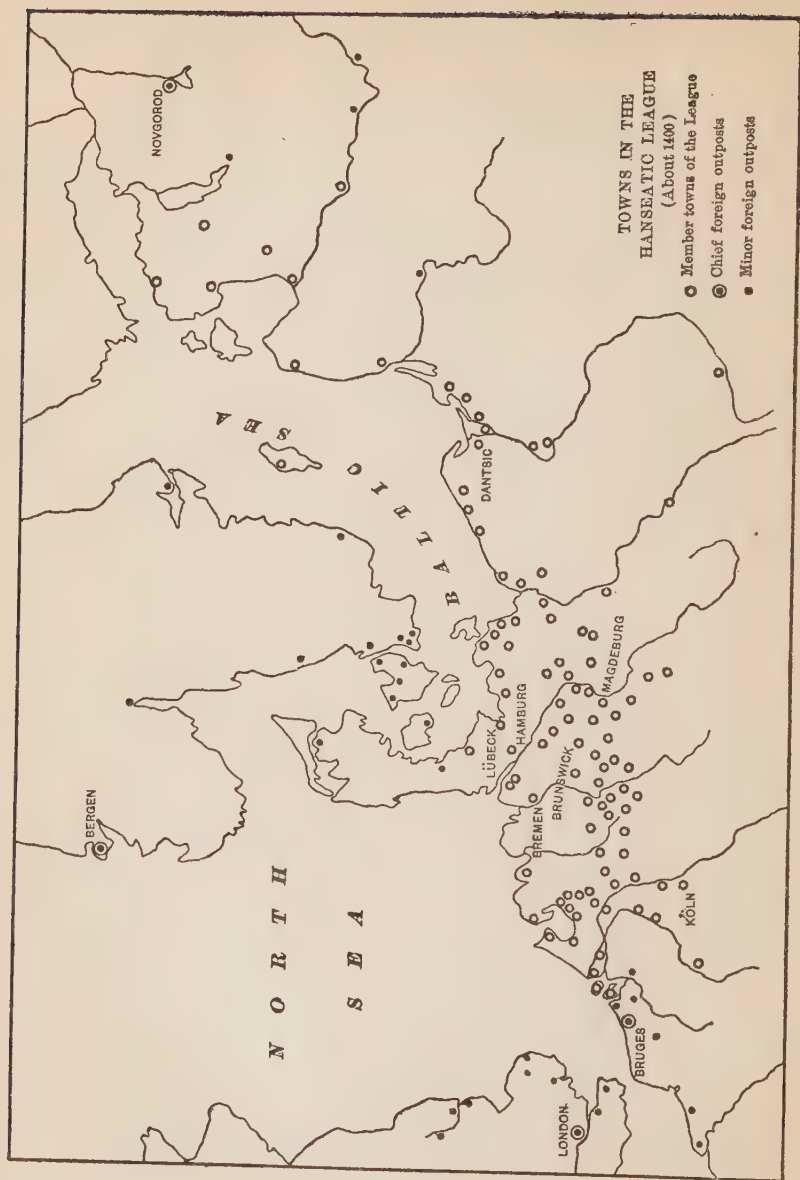
Temporary associations were but makeshifts for the day or event. Only permanent associations could offer a reasonable expectation of solution of many problems. The merchants of many towns formed guilds for their mutual benefit, in both the ancient and medieval periods. Sometimes in the Middle Ages it was the merchants of one town that banded together to trade with a certain other town, for example, the merchants of Cologne trading in London. Sometimes the merchants of different towns trading in some one center formed an association, for example, the merchants of more than thirty North German towns formed a society in the town of Wisby in the Island of Gotland, and thereby gained great power and prestige in both economic and political affairs. The logical ultimate step was the formation of a league, not of individuals but of towns.

Perma-
nent asso-
ciations

12th
century

13th
century

14th
century



There were more than seventy towns in this Hanseatic League, a few of them being located in the Dutch and Belgian Netherlands, but the great majority in northern Germany. The chief members were Lübeck, Bremen, Hamburg, and Dantzic. This confederation of towns had an assembly that met whenever there was business, commonly at Lübeck. Here a general line of action was decided upon, whether the negotiation of a treaty with a foreign power or the declaration of war against a prince who was hostile to their interests.

Hanseatic
League

The Hanseatic towns traded with one another, but the distinctive trade that the League supported was with certain foreign counters or trading posts, at Bruges, London, Novgorod, and Bergen. In these foreign towns were found the League's hall and grounds, fortified and managed by native unmarried Germans sworn to serve the home towns. Here in these posts, individual German merchants, or their agents, safely traded with the natives or with other foreigners. A Lübeck trader sold to a London merchant fish, lumber, or Swedish iron, buying in return raw tin, pewter vessels, or wool. Or the Lübecker sold to a Venetian linen cloth and fine furs, buying glassware or cloth of gold. In addition to the four chief towns mentioned, there were more than a score of foreign towns of less importance in which the League or some of the member towns had trading privileges.

Hanseatic
counters

The league was developed to protect its members against pirates on the sea and to secure from princes commercial privileges, such as low customs duties and protection while engaged in trade. It was primarily a commercial league, a good example of the economic force in public affairs. It was strong as

League's decline long as the states in which it traded were weak. But as Holland, Sweden, England, and France rose to power, the League declined. A confederation even of rich towns was not a match for a closer organization based on national feeling and national wealth guided by a more or less autocratic government. The fleets of the League might chase the pirates from the northern seas, but they could not hold their own against the rising national states.

16th century
Com-
mercial
morality
Maritime
codes

A more subtle problem than protection against pirates and securing commercial privileges, and one not capable of such dramatic solution, was the establishment of a commercial morality. The way had been somewhat prepared by the trade of the previous stages, but now there were specialized traders whose very existence depended upon their credit and reliability. Much of the morality was embodied in unwritten law, in the Middle Ages called "the law merchant." At the fairs this was enforced by the hastily improvised courts of dusty-footed merchants. Some of the law was recorded in the great maritime codes, such as that of Rhodes in antiquity, and those of Oléron, Wisby, and Barcelona in the Middle Ages. Much was written down in the form of municipal or urban law. In some form or other these early principles, laws,⁴⁰ and codes have come down to us to the present day without a break, constituting an important pillar in our modern civilization.

Com-
mercial
monopoly

To the town we also owe our ideas and practices of trade monopoly. It seems a safe inference that the *early* towns were actually *forced* by circumstances to grant to their merchants a monopoly of certain kinds of trade, notably of retail trade within the town, and all trade just beyond the town walls, except such as took place at the periodic fairs. A great advantage

was given to the town merchant by exempting him from local tolls.

Public improvements had to be made from the very first, walls to be erected, roads and bridges to be built, and market places to be paved and kept clean. Medieval English towns met these problems by different taxes. There was one for general purposes, one for building and repairing the walls, and one for paving the squares and streets.

Public
works

Trade demanded standard weights, measures, and coins. In the case of the coins, money changers had to be licensed to change outside money for its proper local equivalent. In the Middle Ages the great tribal and national monarchs made efforts to provide standard units for the whole kingdom, or for a large part of it. The pound of silver of Tours and that of Paris became the two recognized monetary units for France, and the Winchester and London bushel for England.

Trade
units

Perhaps the supreme problem of the struggling early town was to attract people to settle, people who would help bear financial burdens and aid in defense. At times invitations were sent out to likely districts to send settlers. A general rule in the medieval towns of western Europe was that a serf escaping from his lord and living within the town for a year and a day became a free man. As time went on, this rule helped to populate the towns with liberty-loving and ambitious men.

Town
seeks
settlers

31. THE LATER TOWN: COMMERCIAL AND INDUSTRIAL. As long as the town remained commercial or largely commercial, few people could be supported. But when it developed manufactures, work was provided for hundreds and thousands of families. In the three centuries before the birth of Christ we find peasants flocking to the towns of Greece and Asia

Commer-
cial town
takes on
manu-
factures

Minor to engage largely in manufacture. Similar conditions prevailed in western Europe from 1200 to 1500. No one year, in many cases not even a single century, can be chosen as the beginning of the second phase of town development. It is a gradual change and one of great importance.

Manu-
facture
for use

The manufacture of goods for use is, of course, much older than the town. It took place in the household, and the finished product was consumed by the household group. Before the town came into existence, the raw materials used in household manufacture were almost wholly grown, or otherwise produced, by the family itself. In the first phase of town economy many of the raw materials were produced by others, near or far, and sold through the town traders. But now in the second phase some of the townsmen make it their special business to manufacture some, not all, of the goods needed by others whether living in town or country. Very early much of the weaving, fulling, and dyeing left the household while spinning lingered on. The making of shoes was specialized long before the baking of bread.⁴¹ Illustrations of both of these facts are found alike in ancient and medieval history.

Manu-
facture
for sale

Rome and
Athens
con-
trasted

Just as some articles were made outside the household sooner than others, so did some towns add the industrial to the commercial function relatively earlier in their development than others. While Rome remained a town of soldiers and laborers, of administrators and merchants, other towns developed their manufactures as well as their trade. Athens was famous for its vases, statuettes, and silver work, Antioch for its cloth, Puteoli for its iron and pottery, and Capua for its bronze and copper wares. Rome remained economically stunted while the other

towns developed normally. The victorious Rome had such a ready supply of slaves that the households found it profitable and convenient to employ them in manufacture as well as in menial service. Accordingly, industry was despised as servile, freemen avoiding it for other occupations.⁴² In medieval times Florence soon became famous for its fine cloth, Dinant for its copper wares, and Ghent, Bruges, and Ypres for their woolen cloth. At the same time some of the North German towns were remaining largely commercial, and the Russian towns almost wholly commercial. Indeed, the Russian town to this day is only slightly industrial, as has been already noted. Or, as we may put it, the Russian town is still in the commercial phase.

Medieval
towns

The fully developed town may have been known far and wide for some special product, but usually its output for local use was quite varied. In a medieval town we find the following goods commonly produced: cloth, caps, and stockings; fur, leather, shoes, saddles, and harness; nails, tools, pins, pewter vessels, copper utensils, cutlery, swords, and armor; wooden boxes, barrels, cups, and ladles, bows and arrows;⁴³ gold and silver plate and jewelry. Many of these commodities were the products of separate crafts, such as the weavers, cappers, skinners, tanners, saddlers, pinners, pewterers, armorers, cutlers, joiners, ladlers, bowyers, fletchers, and goldsmiths.

Manufac-
tures of
a town

14th
century

The word "craft" means trade, occupation, or even profession. All the trades just mentioned were industrial, but occupations purely commercial are also included, for example, mercers, spicers, apothecaries, vintners, and even barbers, judges, and notaries. When we wish to speak of an industrial craft, we may use the word "handicraft." The handicraftsman

Crafts

Roman
black-
smith

himself, however, was only partly industrial. He had to buy his raw materials and to sell his finished products. Roman tombstones occasionally represent the work of the craftsman. One shows on one side a blacksmith forging a blade; on the other side he is standing near a small rack containing his finished wares, knives and sickles, selling them to a customer.⁴⁴ The shops of many such handicraftsmen have been unearthed at Pompeii, some containing both tools and products. A tailor shop of the 20th century is a good illustration also, though the tailor does not make the suit till he gets an order.

Localiza-
tion of
crafts in
the town

1290 f.

The various crafts or businesses were localized within the town, as we have seen, just as the nobles had been localized, one dominating a certain section of the town, another a different one. In medieval London the names of streets indicate the special business of its occupants; examples are Ironmongers Lane, Hosiers Lane, and Bowyers Row. The fishmongers were located near Billingsgate, on the water front, and the money lenders on Lombard Street, where Italians or Lombards dominated the loaning and changing of money after the expulsion of the Jews. Such localization comes about even in our own day, notably in the new automobile industry. It happens because of the great advantage that the newcomer has. The last craftsman to start up in business is anxious to get the advantage of location, so he goes to the street where others of his trade are, hoping that customers looking for the store or shop of another will be arrested by his sign and his wares on display.

Craft
gild

When the members of a craft were sufficiently numerous, they sought to form a craft gild. St. Omer had at least 59 crafts at the end of the 13th

century, the same number as Ghent about fifty years later. Probably less than half of the crafts of St. Omer were organized into gilds.⁴⁵ The craft gild was formed to look after the interests of the group of craftsmen. It gave them a place in the world which otherwise they would not have had. The follower of a noble, the servant of a bishop, the client of a Roman money lender, all were members of a big family which provided protection, religious worship, and economic support. The craftsman formed a gild to help him in his business and to furnish him with social and religious privileges. The gild might be intrusted with ample powers for the regulation of the business of the craft as in the medieval world, or it might be purely private as in Greek cities and in early Rome. In medieval London no one could become a citizen of the place without first becoming a member of a gild. And if the gildsmen wanted to keep down their numbers they might do so by making admission to their gild beyond the reach of the applicant, a serious matter where gilds were numerous and well organized. In London there was at least one gild in 1130, at least 18 in 1180, and at least 110 in 1422. These gilds sought to prevent all persons from making the goods of their trade, unless they were members of the gild. An old woman in London made a piece of tapestry for sale. The tapestry makers denounced her before the authorities, for false work, for having put woolen thread over linen.⁴⁶ Probably her chief offense was that she was not a member of their craft gild.

Not only did the crafts look with jealous eye upon encroachment by the unorganized, but they were very finical about the work of other gildsmen. The bowyers wanted no fletcher to make bows; and the

The
German
Zunft-
zwang

1374

Craft
jealous
of craft

fletchers were opposed to bowyers making arrows.⁴⁷ The shoemakers would not allow cobblers to make new shoes; while they themselves agreed to mend no old ones.⁴⁸ Leather workers rivaled the harness makers, turners the joiners, and coopers the carpenters.⁴⁹

One
craft
domi-
nates
others

1327

1365

1370

1345

Some have regarded this independence, exclusive independence, as the rule in the guild system. If so, it soon passed away, for we find some guildsmen gaining economic dominance over others. For example, the saddlers of London were accused of compelling joiners, painters, and lorimers—all participating in the preparation of parts of saddles—to work for them exclusively. The saddlers were likewise said to be holding back the piece wages of these craftsmen.⁵⁰ The skinners of London succeeded in preventing the leather dressers from serving certain foreign merchants. And they were able to fix a maximum charge on piece wages beyond which the leather dressers might not go.⁵¹ The vintners of the same city drew up the ordinances that the taverners were compelled to follow.⁵² Such efforts were really made to reduce the independent craftsmen to the status of laborers. And as was to be expected, they ended in the bitterest and bloodiest struggles. In Ghent the weavers (or cloth merchants) had long tried to subordinate the fullers, and to reduce their remuneration for fulling the woven cloth to the very minimum. The result was that one day the two groups, meeting on the market place fully armed, fought till exhausted. The fullers lost the battle and also five hundred men, as it is said.⁵³ Similar strife took place in Florence and elsewhere.

The upshot of this dominance was that some crafts became rich and some poor. So there came to be

"greater," "intermediate," and "lesser" craft gilds. The greater sought to control the others. The intermediate sought to enter the ranks of the greater. And the lesser fought for independence. Each group, allying itself now with the nobles, now with the mob, struggled to hold or to increase its power. The turbulence of the nobility and the struggles of the merchants of the earlier stage were well matched by the ceaseless efforts of the craft gilds to improve their own position.

Greater
and lesser
crafts

Within the craft gild, just as between gilds, there was inequality. The rich came to dominate the gild, excluding the poorer masters from certain festivities and from control of gild affairs. Indeed, the fully developed craft gild in medieval times was a hierarchy somewhat resembling that of the Catholic Church. At the top were the liverymen, masters who were rich enough to wear the ceremonial livery; the poorer masters; the journeymen or laborers not yet become masters; and the apprentices. One might compare these to the degrees in a fraternal lodge of our times.

Ranks
within
the gild

The inequalities within the gild and as between the gilds reflected the differences between individuals and the ranks to which they belonged. There were at least seven prominent classes of persons engaged in business in the town. The first was made up of the patricians who, in this phase of town economy were turning from agriculture and rent taking to commerce and manufacture, from landed property to personal property. While in the former phase their numbers had been added to by recruits from the richer merchants, in this phase they tended to merge into the other classes mentioned below. A patrician of ancient Rome, scorning to soil his fingers by actual contact

Classes
within
the town

Patri-
cians

with trade or manufacture, might, nevertheless, employ agents in both. He might set up a slave or a freedman in the business of goldsmith and receive a share of the profits of the business.⁵⁴ Or he might employ agents to make bricks on his estate, an occupation not far removed from the ancient and honorable cultivation of the soil.⁵⁵ In medieval England the aristocratic bishop, baron, or even earl, might utilize gardeners not only to supply their own tables but to cater to the London market, with their pulse, cherries, and vegetables.⁵⁶

1345

Mer-
chantsSouthern
Germany

The merchants constitute the second class. Some of them belonged to mercantile families who were prominent in the first phase. The Welser family of Augsburg early engaged in trade between Germany and Italy. When it appears in history it is already rich in worldly goods and continues to be prominent for several generations not only in commerce but in mining and money lending.⁵⁷ And representatives of the family still live in Ulm.

1378

Dick
Whit-
tington

This group of old-type merchants engaging wholly, or almost wholly in trade, not in industry, is represented by the fishmongers, vintners, spicers, haberdashers, and mercers.⁵⁸ The London haberdasher kept for sale hats and caps, lace, beads, boxes, purses, ink horns, pen cases, paper and parchment, gaming tables, and iron chains.⁵⁹ The most famous of these merchants was a mercer, Dick Whittington, son of a country knight, who went to London to make his fortune and who, according to nursery lore, ventured his cat on a trading voyage undertaken by his master. He grew rich supplying nobles with velvets and damasks. Finally, he entered the Common Council of his city, later to become alderman, sheriff, and finally mayor of London four different times. Dying childless, he

established many charities, which long endeared his memory to Londoners.⁶⁰

This old group of merchants, connected with lords and knights,⁶¹ was rivaled in the second phase of town economy by a new group connected with the manufacturing of the wares that they sold. Drapers (cloth merchants), saddlers, and skinnners well illustrate this type of merchant. Originally engaged in manufacture, they came to employ others to do the work, themselves giving all their attention to the commercial side of the business. The Fuggers of Augsburg had originally been poor weavers who became cloth merchants, and then mine speculators and money lenders. "Rich as a Fugger" was a common saying.⁶² Finally, the family was ennobled and is today enrolled among the nobility of Austria.

The medieval merchant of London might sell his wares in his own shop, on the town market, or in case of a very few wares⁶³ on the streets or even in hostels or inns.⁶⁴ If he left his own town, he went to near-by markets or to the fairs both near and far. Many merchants owned their ships as well as the cargoes, or at least part of the cargoes.⁶⁵ Sometimes they sailed with the ship themselves; sometimes like Shakespeare's Merchant of Venice they sent an agent or supercargo. While traveling by land in England the merchants of Amiens were accustomed to ride horseback from one town to another.⁶⁶

The ventures of a merchant of the ancient world are well illustrated by the outline that Trimalchio gives to his fellow freedmen in or near Puteoli, southern Italy. "I too was once just like you, but by my ability I've come to this. It's brains that makes the man, all the rest is trash. I buy cheap and sell dear; others may have different ideas. I'm running over

New
class
of mer-
chants

14th
century

15th, and
16th cen-
turies

Where
and how
mer-
chants
sold

1237

Trimal-
chio, the
mer-
chant

1st cen-
tury A.D.

with good luck. As I was saying, it's my careful management that has brought me all this wealth. I was only as big as that lamp when I came from Asia, in fact I used to measure myself by it every day. By heaven's help I became master in the house, and then I caught the fancy of my fool of a lord. So at his death he made me co-legatee with the Emperor and I got a senator's fortune. But no one ever has enough. I wanted to go into business. To cut the story short, I built five ships, loaded them with wine—it was worth its weight in gold then—and sent them to Rome. Every ship was wrecked just as though I had ordered it; that's a fact. In one day Neptune swallowed up thirty million sesterces. Do you think I lost courage? No, by heaven, the loss only whetted my appetite as if nothing had happened. I built more ships, larger, better and luckier ones, so that no one should say I wasn't a man of courage. You know a great ship has great strength in itself: I loaded them with wine again, pork, beans, perfumes, and slaves. Then my wife did a respectable thing; she sold all her jewelry and dresses and put in my hand a hundred pieces of gold. This was like heaven to my fortune. What heaven wishes comes quickly; by one trip I cleared a round ten million. At once I bought back all the estates that had belonged to my master. I built a house and traded in cattle; everything I touched grew like a honeycomb. When I found that I had more than all the citizens of the town put together I quit the counter and set up my freedmen in business for me. Then I built this house. As you know, it was once a hovel, now it's fit for a god. It has four dining rooms upstairs, my own bedroom, this viper's sitting room, a very fine porter's lodge, and spare rooms for guests. Take my word for it, if you

have only a cent you are valued at a cent, but if you've got something you'll be thought worth something. So your humble servant who was a pauper has come to be a prince."⁶⁷

The story of a more humble merchant, smacking of medieval superstition, says that he bought the arm of St. John the Baptist from a woman who had obtained it dishonestly. Building a house and shop in his home town, the merchant hid the arm in one of the supporting pillars. One day while sitting in his shop, he was informed by excited citizens that the town was on fire and that the fire would soon be near his house. He cared much for his wares but feared no fire because of the protection of the holy relic.⁶⁸ Judging from the fact that the arm long continued to perform miracles, we may infer that the merchant's house really escaped the fire.

A Dutch
merchant,
13th
century

Andrew Horn, a London fishmonger of honest dealing, became Chamberlain of the city and author of learned legal treatises.⁶⁹ The chief members of the Medici family of Florence were merchants until Lorenzo the Magnificent turned his attention wholly to the affairs of the city, investing his capital in land.⁷⁰ This family showed clearly that merchants could be princes quite as well as country nobles could, and that they were able to appreciate the works of art of their day and were themselves not without some artistic creative power.

A London
merchant

Medici of
Florence

A third and much less important class is made up of hucksters carrying their small wares from street to street or village to village, without any fixed place of business. Early in the history of London a huckstress was selling cheese and butter.⁷¹ An Englishman called "Godric" peddled small wares around the villages and farm houses of his own neighborhood.

Huck-
sters

Of
Walpole,
Norfolk,
about
1110

After spending four years in such work, he became a merchant associating himself with town merchants and engaging in foreign trade. Sixteen years of successful trade found him turning to religion. After a pilgrimage to Jerusalem and two to Rome, he entered holy service where he remained for forty years or over, apparently finding that commerce had poorly prepared him for the life of a saint.⁷² A century later in Magdeburg, Germany, we find that a huckster caught cheating, Godric's crime (?), was either to be beaten and have his head shaven, or to be fined three shillings.⁷³

Died
1170
1261

Small
masters

A fourth class of much greater importance consists of small independent masters, whether engaged in trade or manufacture, or both. Numerically these were important, and politically, too, for they were ambitious. These men constituted the rank and file of trade and manufacture, and were the backbone of the craft guilds. Their great economic problem was to maintain their independence against the encroachment of the rich merchants. Less distinguished individually than the merchants, their careers are but little noted in history. We know their crafts—the joiners, the cappers, the bladesmiths, the taverners, and the cornmongers, but we rarely learn about them individually, except when they violate some town ordinance. Their wills show them to have possessed a tenement, partly shop and partly residence, a few tools and household goods.

Laboring
class

The journeyman or laborer constitutes the fifth class. Both merchants and handicraftsmen employed men to help them. In Greek and Italian cities of ancient times these were mostly either slaves or freedmen, but in the Middle Ages they were freemen who had passed their apprenticeship but had not yet be-

come masters. As time went on, it became increasingly difficult for such workmen ever to become masters, partly because of the increase in their numbers and partly because of gild rules that prevented them from attaining independence. It is obvious that such a position of permanent subordination would be irksome. The discontent frequently showed itself in rioting and revolution. It is on such occasions, and when one of them steals his master's goods, or otherwise violates the law, that we hear of this class.

The apprentices forming the sixth class were learners who for a few years served their masters and lived with them. When their period of service was over, they normally became journeymen and then if capable and honest they became masters.

Appren-
tices

The last group is made up of financiers and administrators, prominent in larger towns and especially in a great political center like Rome. They were almost wholly recruited from the other six classes mentioned above, but especially from the merchant and patrician classes. The Greek *trapezitae* and the Roman *argentarii* changed money on the market place, received it on deposit, and loaned it to merchants or others at interest. In the Middle Ages first the Jews and then the Lombards performed the same services. Such monied men might serve the state in important capacities, loaning it money, collecting its taxes, providing food during a scarcity, and supplying the armies. From such services men made great gains. The Egibi of Babylon, Antisthenes, Archestratos, and Pasion of Athens, Atticus and Crassus of Rome, and the Alberti, Bardi, and Peruzzi of medieval Florence well illustrate this class. One of these, Atticus, has been immortalized by a brief but comprehensive biography at the hands

Finan-
ciers

Egibi,
perhaps
600 B.C.

13th and
14th cen-
turies

Atticus,
109-32
B.C.

of Cornelius Nepos and by his own correspondence with Cicero. Inheriting wealth from his father and then from his uncle, Atticus invested it in lands and tenements and loaned to individuals and institutions. He was actually resident in Athens to which he loaned money without interest. There he served his friend Cicero. There he entertained philosophers and scholars. He avoided public office and the political strife of his day, counting among his friends men of opposing parties. Wise, good-natured, and talented, he lived a quiet, simple, and rational life that commends itself to many of us to-day. Into the warm glow of his fireside and the intellectual atmosphere of his serene household with its well-trained slaves, readers, transcribers, and artisans, many a weary party leader entered with a feeling of rest and repose.⁷⁴

Less im-
portant
classes

There were other classes of persons engaged in business but they were of less importance. The pawnbrokers, notably the Jews in medieval Europe, plied their trade then as now. There were also household servants, beggars, lawyers, scribes, leeches, and barber surgeons.

Class
snob-
bishness

Middle-
burg,
Zealand,
1271

Late 11th
century

Marl-
boro',
Eng.,
c. 1209

An analysis of these classes enables us to understand much of the economic and constitutional history of towns under town economy. Noble despised merchant and the merchant looked upon the handicraftsman as a "blue-nail," or contaminated individual. Cicero regarded the artisan's craft as sordid, and both Cicero and Plato scorned the retail trade. Into some medieval guilds no handworker was admitted,⁷⁵ and admission to others was made difficult. In Valenciennes the baker, innkeeper, tailor, and walker, had to pay higher admission fees to join a particular guild.⁷⁶ And some towns kept certain craftsmen from becoming citizens.⁷⁷

But this scorn of one trade for another, causing as it did much heart-burning, led to no such misfortunes as did the political strife involved. Towns have been, at least from the days of ancient Greece, the centers of political turmoil. The constitutional history of both Greece and Rome⁷⁸ is replete with struggles for control. In this respect the towns of medieval Europe repeated the history of the ancient world.

Political
struggles

Chiefly
1100-1500

The factors in the struggle were numerous. There were the various classes already mentioned. There was the lord of the town in the Middle Ages and the tyrant in the ancient world. Aliens, in the Middle Ages the Jews, always complicated the situation. And outside of the walls, rural nobles and tribal or national sovereigns were ready to make alliance with the different groups within the town for their own advantage. Indeed, at times there seem to have been wavelike movements in which one town influenced another, and in which town and country were obeying the one impulse—to change political conditions for the benefit of some class.

Factors
in po-
litical
struggles

E.g.,
1342-58
and 1378
to about
1400

Sometimes the struggle was for control of the ward or division of the town. The more serious movements, however, were more ambitious, for the mastery of the town itself. In medieval Florence, long the scene of factious strife, there broke out a memorable revolution, the influence of which seemed to spread far and wide. The merchants had been long in the saddle in Florence. Their rule had encountered many enemies. Among these were, of course, many nobles whom they had robbed of power, and also the laborers, and the shiftless always ready to form a mob to bring about a change which could not hurt them and which might benefit them. But most im-

E.g.,
Florence,
London,
Cologne,
Ghent

Florence,
1378

portant of all were the handicraftsmen who were gradually becoming dependent upon the merchants for raw materials and for the sale of the finished goods. The merchants found their strength in the seven Greater Gilds, the handicraftsmen in the Intermediate and the Lesser Gilds. And so the revolution broke out. At first the lowest element was in control, but soon the mob gave way to the handicraftsmen under their able leader, a wool carder. After about three years, the merchants again seized power,⁷⁹ which they held till one of their number made himself prince, and the republic of Florence disappeared.

Michele
di Lando

House of
Medici

Flemish
town
struggles
13th and
14th cen-
turies
1343-45

In the Flemish towns many struggles took place to dispossess some ruling oligarchy, in Valenciennes, Douai, Liège, Ghent, and other towns.⁸⁰ The most interesting of these contests occurred in Ghent under the leadership of James van Artevelde, a name famous in medieval history. Artevelde was the leader of the party of cloth merchants which had two main aims. One was to dominate the cloth industry within Ghent—that is, to control the finishing of cloth and its sale. Opposed to them were the fullers who fought to prevent themselves from becoming the mere employes of the cloth merchants. The other policy was to maintain friendship with England whence came English wool and unfinished cloth to be fulled and dyed in Ghent. This friendship was hard to maintain when war broke out between England and France, for the French king was the overlord of Flanders. The upshot of it all was the formation of two strong parties. The party of the Claws (the claws of the lion of Flanders) led by Artevelde was made up of the cloth merchants in league with their fellows of Bruges and Ypres, and was supported by English

influence. The party of the Lilies (the lily of France), led by the count of Flanders, was supported by France, the patricians of the towns, and the fullers and lesser crafts of Ghent. It was essentially a struggle of handicraftsmen (fullers) against the cloth merchants, like the contest in Florence already mentioned. Artevelde, able, eloquent, and ambitious, after many successes, was finally murdered. His place was later taken by his son Philip van Artevelde who succeeded in defeating his count and in entering Bruges victoriously, but was himself slain in battle. From this time on, reaction set in. The towns were curbed and finally stripped of all local independence. Democracy (middle-class democracy) was dead in Flanders (Belgium) for several centuries.

1345

Battle of
Rosebeke,
1382

France, too, had her urban strife. Paris, Rheims, Orléans, Châlons, Troyes, and Sens were in turmoil at the very time when the second Artevelde was slain. But the most outstanding event in this connection belongs to a generation earlier. The Provost of the Merchants in Paris, led the popular party in revolt against the government of France, a government which was unable to keep peace at home or to prevent the English from invading its territories. The merchants of Paris gained control not only of their city but for a time of the national government as well. To maintain their position, their leader looked for aid from England and from the peasantry in revolt. Only such episodes as these can give us a clear idea of the power and ambition of the townsmen of the day. In France as in Flanders, however, the towns lost and popular government had to wait till the French Revolution, when it rested not with the merchants but with the mob. From France and Flanders, discontent spread to Germany and Eng-

French
town
strugglesEtienne
MarcelJac-
querie,
1358

1789-94

E.g.,
Cologne,
1396

E.g., Lon-
don, 1381

London
institu-
tions

Espe-
cially
by 1319

land. Sometimes the revolution resulting was bloodless, sometimes bitter and disastrous both for life and property.

Since the economic development of London has meant more to the modern world than that of any other medieval city, we may well briefly consider events and institutions important in its history. In the 11th century, London seems to have had a folk-moot or popular assembly. In the following century it became a commune and elected its own mayor. In the next century the merchants supplanted the landed noble or patrician class. And in the 14th and 15th centuries, one trade struggled against another for economic position and to a less extent for political power. And there were enacted in London scenes similar to those of Florence, Paris, Ghent, and other Continental cities. Among the many contests in London was one between the victualing trades led by the fishmongers on the one hand and the other crafts of the city on the other hand. The former sought to maintain a monopoly as against all outsiders, to prevent them from selling provisions through other channels than the victualers. The victualers enlisted the aid of the king; the non-victualers of the parliament. This was at the time when king and parliament were in conflict. At this period the peasants rose against their lords who were dominant in parliament. Hence the alliance came to be king, victualers and peasants against the other crafts in London, the parliament, and the lords. When the revolt broke out among the peasantry near London, the victualers (some of the fishmongers) opened the gates to the angry peasants who proceeded to burn and slaughter their enemies, and incidentally some of those of the victualers.⁸¹

1381

It was in London that the bicameral system of government was developed, which more than any other has influenced our later municipal organization and terminology. The essentials of this government were and still are a mayor, a court of aldermen, and a common council. The court of aldermen is a small body whose members have judicial power, stand very close to the administration of affairs, and are vested with the power of electing the mayor. At one time patrician, the aldermen came to be merchants from the chief trades of the city. The common council was a larger body, including in its membership the aldermen themselves. It takes the place of the ancient folkmoot, constituting the most popular part of the political machinery. It has long been in the hands of merchants and manufacturers and for a time was elected by the guilds rather than the wards.

Government of
London

14th
century

Taking the broad view of political development, we see in both the ancient and medieval world four principal stages. At the beginning there was a government made up of citizens or freemen. In the second stage a patrician class gained control. In the third the merchants were in power, struggling to hold their own against the handicraftsmen class.⁸² Many towns never got beyond this third stage during the continuance of town economy. In some towns of the ancient and medieval world, there was a fourth stage in which a tyrant or prince seized power from the merchants. Florence is an outstanding example in the Middle Ages.

Stages of
political
develop-
ment

The political struggles were not for the vanity of power. The parties that sought control of the government had ulterior economic aims in mind, as always, and notably in our day in the 20th century when socialists seek power for economic gain. The ad-

Economic
basis of
struggles

vantage to those living in the town came through town ordinances which might be made now in favor of this class of producers and now in favor of that, at one time giving the London fishmongers monopoly of their trade and at another taking it away, granting strangers privileges and again taking them away, now entrusting the guilds with the right to supervise their crafts and again taking away that right.

General
economic
regula-
tions

We may consider three types of regulation. The first is the simple law applying generally to the town, for example, that weights and measures should be uniform, that wares should be as good at the bottom as at the top of the package, and that vehicles should not be driven fast through the streets which were generally crooked and narrow. Rules of this kind are found in plenty from the days of ancient Athens⁸³ to medieval Florence and London.⁸⁴ In medieval towns the most outstanding body of rules of a general character gave to citizens of the town advantages over outsiders. Citizens were free from tolls on goods brought into the town or taken outside; they alone could keep stores or shops; often they alone could sell by retail (except in the case of certain foodstuffs), and often they alone could buy wares from an outsider.⁸⁵ Regulations frequently embodied in many medieval charters prohibited anyone from holding a market within so many miles of the town walls, compelled all goods transported in the district to go to a certain town, and forced merchants carrying wares through the town to unload and expose their wares for sale to the citizens.

Stadt-
zwang

Strassen-
zwang

Nieder-
lagsrecht

Gild
regula-
tions

The second class is made up of regulations passed by the craft guilds and accepted by the town as binding upon all within the trade.⁸⁶ The regulations of the medieval craft guilds compelled all within the trade

to belong to the gild, to serve a certain apprenticeship, to stop work on Sundays and very holy days, and to produce wares that would meet the standard of the gild authorities. There can be little question that the key to gild regulation is the advantage of the producer, to give him the highest return for the smallest amount of effort. This led to artificial standards as to what a product should be, for instance, that only one kind of leather should be put into a shoe. But on the other hand the craftsmanship of the artisan led him to produce goods of high excellence which served the consumer well, if he could afford to buy them. In some cases this regulation was necessary. The town authorities could not themselves inspect the work of goldsmiths to determine whether base metals had been used. It was at times almost necessary, in lieu of a corps of civil servants, to entrust the craft gilds with power.

The third class of regulation has to do with food. Cities, such as Athens, that were generally liberal in their regulations, could not afford to be so in the case of trades that had to do with provisions.⁸⁷ The town had to have food in sufficient quantity and to have it at a price within the reach of all. It might either provide foodstuffs itself, necessities such as grain, fat, salt, and oil, as did Rome from the 2d century onward, or it might leave the work to private dealers, seeing to it that they did not charge too much in years of scarcity. A notable illustration of this is found in the corn trade regulations of medieval London. Peasants were invited to sell their grain upon the market places, during the early part of the day to consumers only, and later to the grain shopkeepers. Cornmongers were allowed freely to go out into the country to buy grain, provided they did not

Food
regula-
tions

buy any already on the way to market and provided they did not buy up the whole supply of the new crop still growing in the fields. And finally, corn merchants might purchase grain in the distant towns for sale to consumers first and to grain shopkeepers afterwards. It was always to be possible for a consumer to buy direct from the one who brought the grain to town. Middlemen were welcomed so long as they transported the grain, but if they merely held it over from one time to another their services were not appreciated.⁸⁸

Bread
and ale

Regulating the price of foodstuffs comes under the third class of regulation. Keeping the assize (or law) of bread and ale was an important public function, not often, if ever, entrusted to the bakers or the brewers. When grain was low in price the pound of bread and the gallon of ale had to be sold cheaply. When grain was higher, bread and ale might be higher.

Leagues
of towns

Narrow as the town often was in its outlook, and restricted as were its regulations, it frequently joined another town to establish some measure of free trade or to take some action for common advantage as is illustrated by the Flemish Hanse of London and the Hanseatic League. Lesser alliances were formed in Spain, England, Flanders, France, and elsewhere. Had it not been for the power of territorial princes and national feeling, these leagues might have developed into something of permanence, just as the Athenian League became the Athenian Empire.

Variations
of towns

Although towns everywhere performed similar functions in the stage of town economy, we must not think of them as all cast in exactly the same mold, at all times or at any one time. The climate, newness of the civilization, location near water transpor-

tation, and so on, all had their influence. And yet they were all towns, normally commercial at first, then adding industry to their activity at the same time as they extended their commerce.

Those who settled America came from parts of Europe where town economy prevailed, or at least where the town was still prominent. And so while agricultural villages may have been established to meet temporary needs, they soon developed into towns. And while at first blush we may think of those who settled beyond the Alleghanies as establishing independent domestic economy, we discover on second thought that their independence was in nearly all cases shortlived or really non-existent, for somewhere near the settler there grew up a town on which his dependence was great and lasting. And these towns on examination prove to bear a strong resemblance not only in their general economic functions but in their market regulations, to the towns of the Old World. Boston,⁸⁹ Philadelphia,⁹⁰ New York,⁹¹ and other towns, had medieval ideas of trade, but none of them had a gild system, though a few craft guilds did exist, notably in Boston and Philadelphia. Before America was settled, walls were proving of little use in the Old World and in the New World there were few formidable enemies to keep out. Nevertheless, Wall Street is a memorial to the fact that some fortification was necessary. Before America had a national trade policy, her towns had commercial regulations. And before national trade unions developed, there were town unions.⁹² But above all in early American towns the market was local. Towns exchanged with the surrounding district and with near-by towns. Lexington (Kentucky) bore the same relation to its district one hundred years ago as Bev-

Towns in
America

17th and
18th cen-
turies

1830-60

erley (England) did to its district four hundred years earlier, and each traded with near-by towns for goods it could not itself produce. And before the metropolitan centers began to exert their influence, railroads were planned and constructed locally. No better illustration of this could be found than in central New York State where purely local systems of railroads were built around certain towns, such as Rochester and Syracuse, to promote local trade with the rich rural sections. Later, these systems became mere links in the big trunk lines connecting metropolitan markets, a matter which belongs to a later stage.

32. THE RURAL PART OF TOWN ECONOMY. Although the town is the determining factor in town economy, there is nevertheless the counterpart of the town, the countryside, as much an integral part of town economy as the town itself. Just as the village nucleus was dependent upon the fields, and the fields upon the nucleus, so was the town dependent on the country and the country on the town.

Town
and
country
exchange

In the first phase of town economy, as we have seen, the town was prepared to furnish the countryside with such raw materials as the country needed, or with manufactured goods and food procured from other districts. The country was ready to furnish the town with raw materials (wool, flax, hides, lumber) and a few manufactured wares (charcoal, yarn) and food (wine, olive oil, cheese, butter, beer) of its own production. In the second phase the town came forth with a new service. It was ready to supply the countryside with numerous manufactures, goods produced partly with a view to the needs of the country people. At the same time the town itself was looking farther and farther afield for new wares.

But the development in manufacture during the

second phase was not wholly confined to the town itself. Here and there cloth was being made in the country for sale to townsmen. The many kinds of cloth bearing the names of the villages (Stamford, Kersey, Worstead) in which they were first made, is ample testimony of the origin of a large part of the cloth industry. There were arising merchants who were specially anxious to develop this country manufacture—they were ready to buy country wares to be taken to the nearest town or port for shipment and sale to some distant place. A good illustration of this merchant is the draper, or cloth merchant. He sought not only to buy up the wares of country weavers but also of town weavers. His activities were hateful to the craft guilds, which were opposed both to the purchase of rival country products and to the position of dominance that the draper was gaining over the weavers and other cloth workers in the town. Accordingly, there arose two parties in the towns: the party of old-time gild restriction and the party of “free trade,” which believed in allowing people to deal where best they might, especially in the matter of country goods.

Rural
manu-
facture

But the party of restriction or monopoly was deeply entrenched in the town and held its ground so well that in many districts in medieval Europe, the drapers found it necessary to induce small industrial masters, such as weavers, dyers, and fullers to go to the country, or they provided special instruction for those already there, much to the disgust of the townsmen. In the second phase of town economy, then, there arose a rivalry between town and country in the manufacture of certain wares. In some places the town won; in others the country.⁹³

Town
industry
moves
country-
ward

This rivalry between town and country is, however,

Interde-
pendence
of town
and
country

more apparent than real. It was in fact between the craft gild monopolists working in the town and the townsmen organizing rural manufactures. The town drapers and the country weavers were closely dependent, one on the other. It is not rivalry so much as interdependence that explains the relationship of town and country. This is seen likewise in the close relations, military, social, and economic, between ancient villas and medieval manors on the one hand and the towns on the other. In England there were contributory manors around about certain towns (probably originally urban villages), that owned houses within the towns and were responsible for the repair of the town walls. An example of this is seen on the accompanying map. The owners of villas came to towns, especially to capital towns, for social life and to make their more important purchases. Townsmen bought estates in the country for prestige, to have places for quiet retirement, and for supplies and income.

Group of
manors,
12th, 13th,
and 14th
centuries

It is to be expected that a relationship so close would be carefully organized by those to whom it meant so much. And this is just what we find, worked out, for instance, by many a group of manors. Let us consider the group of manors possessed by one person or one organization, say in England. Sometimes a monastery or cathedral chapter of canons possessed from a dozen to several scores of manors, usually localized in one district but by no means contiguous. A bishop or a lay lord, such as a baron or an earl, likewise possessed a manorial group. For the monastery and cathedral chapter it was a necessity and for the episcopal and lay lord a convenience to have the products of the manors sent to some one place, to the monastery, the cathedral chap-

SIX ECCLESIASTICAL MANORIAL GROUPS AND THEIR TOWN CENTERS IN MEDIEVAL ENGLAND (About 13th Century)

MANORS OF

- X Durham, 1183
- + Ramsey, 1250
- St. Paul's (London), 1222
- Gloucester, 1284 - 1306
- △ Battle, Edward I
- Winchester, 1208
- Center of the Group



ter, to the bishop's palace, or the earl's castle. Regular carrying services were imposed upon the villeins to have the grain and other products sent to the chosen place. In the case of St. Paul's chapter, London, grain was brought in large quantities every week for the baking of bread and the brewing of beer for consumption by the canons resident at St. Paul's. Likewise, large amounts of various products were sent to the bishop of Winchester's palace in the town of Winchester, some coming from near-by manors, some from manors located at a distance. Farther north lay the monastery of Ramsey to which manorial products were regularly sent for the use of the monks. And so in many other instances, rural produce was sent to some establishment within a town for the use of the owner.

Town
and
manor
exchange
goods

As time went on, the same organization was utilized to send to the town market for sale a considerable variety of goods: grain, livestock, poultry, eggs, cheese, butter, beer, ale, and hides. These goods were transported by the lord's tenants under the supervision of his bailiff. The bailiff in turn purchased many wares in the town for use on the manor: wine, grindstones, sacks, carts, iron for wheels and plows, nails, and kitchen utensils. Doubtless, this exchange took place because it was found that the town offered a more continuous demand for rural produce than village (manorial) markets or fairs, and offered a greater variety of wares from which to make purchases. About the marketing of the villein's own produce we have little information, but there is every reason to believe that, like his lord, he took advantage of the town market to dispose of his surplus goods, especially grain and beer.⁹⁴ If one pictures to himself, then, the long and frequent pro-

cessions of pack horses and the trains of creaking carts making their way to town markets, he gets rid of the old idea that the manor was isolated and self-sufficing and at the same time he appreciates how closely the town and near-by rural communities were connected in a regular and orderly marketing system.

Judging from the existing evidence we find it difficult to escape the conclusion that town and village were closely bound together in economic (and therefore social) intercourse, in dependence one on the other for goods and services. In the second phase of town economy each was organized to supply the other with raw materials and manufactured goods. The town's *exclusive* contribution, in this as in the first phase, was to perform the function of the exchange of goods and to supply ideas and opportunity. The country's *exclusive* contribution was to supply recruits for the town.

33. CULTURAL ATTAINMENTS OF THE TOWN. Probably few would doubt that on the whole the town was a great economic success. It would be a profitable exercise to make a list of all the different advances of an economic character that one can identify with the town. Prominent among these would be the rise of classes of persons specially devoted to commerce and to manufacture for sale. The specialization of employment was carried on to an unprecedented extent and enabled the acre of ground to support many more persons in town than in village economy. Although there are usable estimates of the population of towns in the period of town economy, there is none of the population of the whole town marketing area. A conservative guess, however, would be that the fully developed town economy supported twice as many people per acre as did village economy.

Economic
contribu-
tions of
the town

Personal
property
in towns

While in the village stage property consisted chiefly in land, in the town stage, there was a large class of persons living in the town itself whose chief possessions were personal property from which they derived almost all their income. This personal property was to be found not only in their houses for use in the form of furniture and clothing, but for sale in shops and stores. It consisted of wares ready for immediate consumption and therefore universally sought after. Gold and silver, in plate and specie, were the powerful lodestones in the town's possession. With these commodities townsmen bought privileges from their lords,⁹⁵ hired armies to defend them, and equipped fleets to protect their merchant ships.

Use of
wealth

Much of this personal property went to endow religious houses, build churches, and establish charities. Much of it, too, was used to pander to the luxurious habits of its possessors. But even that luxury went to build up a high form of civilization, especially when it employed architects to build family palaces, and painters and sculptors to decorate them. Within these palaces, as within the more humble residences, was found a social life more mollified and much more to our present taste than any in the previous stages. It may be true that the essence of courtesy is a kind heart, but certainly the ways in which kindness and consideration can be shown were worked out in the early urban centers. We recognize this when we speak of social polish (*politesse*) as urbanity (*urbs*, town). In the Middle Ages it spread from Italian towns to the north and west, and has since moved onward with town development.

Close daily association led to the polished habits that oil the machinery of social intercourse. It also led to habits of sanitary living unknown before. The

settled village had been compelled to make some adjustments, but the towns were forced to take radical measures. Slaughtering by butchers was regulated, the offal being carried outside the town. Filth from the houses was to be regularly disposed of. Ancient Rome had a worthy system of sewage disposal which, however, was not commonly found in other ancient cities, at least not so well developed. Many towns had to depend, and indeed could safely depend, on the tides carrying the refuse away twice daily. For nearly 450 years Rome relied for her water supply upon the Tiber, springs, and wells. Then it tapped more distant and dependable sources by means of aqueducts. Throughout the Middle Ages, London possessed wells not only within the walls but slightly to the north, three famous for their pure sparkling water, Holywell, Clerkenwell, and St. Clements' well. It is difficult to say anything definite about the result of water pollution in the towns. Many of the dreadful diseases that swept the towns seem to have come through crowding in buildings rather than through polluted water supply. Fevers, bubo-plagues like the Black Death, and others not satisfactorily diagnosed but probably largely pulmonary, levied their heavy toll in medieval towns only to return again, till one wonders what would have become of the town population, had it not been constantly replenished by peasants eager to seize opportunities for wealth and freedom at the risk of health and life. How clearly the townsmen recognized the dangers of overcrowding is seen when the plagues came and all who could, fled to the hills and valleys of the countryside. On the occasion of the Black Death, the exodus was considerable. From Florence several ladies and gentlemen left for a secluded spot and for ten days they

Urban
sanitation

Plagues

1348

told tales which Boccaccio has "preserved" for us in the *Decamerone*, tales some of which have been the delight of many generations and the basis of several modern dramas.

World-
liness

With the closer associations, economic and social, came a spirit of worldliness which at its worst was threatening to the highest traditions of humanity but at its best pointed to progress which subsequent generations have not failed to maintain. On the one hand there was sexual immorality, on the other hand a more rational religion. Sexual irregularity, or the breach of whatever sex rule may prevail, is a continuous human failing. The town was unprecedented only in so far as there arose a class of women who devoted themselves to vice and a class of men who acted as panderers or brokers, to bring the man to the professional courtesan. In other words, immorality was commercialized. The destruction of Sodom and Gomorrah, two worldly cities, seemed to the ancient Hebrews as a visitation from the enraged deity, though probably it was simply a disaster due to volcanic action or explosion of natural gas or oil.

Religion

Religion has from the first been largely mystical and emotional and in the town was not divorced from these traits. There were, however, at least two changes probably universal. Religion became more rational and more progressive. We cannot forget that the Apostles sought out the great cities, Antioch, Ephesus, Corinth, Rome, and Athens, to spread the new faith of Christ, because these centers were ready for new things. And St. Paul on the Areopagus proclaimed Christ as the unknown god whom the open-minded Athenians had worshiped but had not yet discovered.

But greatest of all the attainments of town economy

was the development of individualism. This had existed long before in the crude form of self-preservation, but now in the town it meant the expression of one's own self and the living of one's life as seemed best. It did not grow up with the town but in it. It was found not so much in the early as in the late town. It is true that townsmen formed guilds, commercial, industrial, social, and religious, and worked out many of their problems in this way. It is true also that these guilds sometimes prevented the individual from doing the things that his self-interest dictated, prevented him from making inferior goods for sale to unsuspecting persons, from employing low-priced apprentices instead of higher-priced journeymen, from working at night to get ahead of his neighbor, and from pledging certain craftsmen to work for him only, but in all these instances while the interests of some individuals were curbed, those of others were furthered.

Individ-
ualism

The peasant who liked to make shoes and not to plow, the one who preferred weaving cloth to tending sheep, and he who could build houses better than he could keep manorial accounts—these could go to the town and be themselves. The peasant's son, for example, St. Godric already mentioned, could satisfy his desire for trade, not once or twice a week on the near-by market by selling the products of the soil, but every day by buying and selling what others produced. And the shepherd lad—it might be Giotto—could exchange for the occasional scratching of the outline of a sheep upon a rock, day to day practice on canvas and with the best models and materials at his command, and the stimulus of fellow artists. And the readiest singer of rural ballads could find in the town a patron who would support and encourage him, some Mæcnas or some Lorenzo the Magnificent.

Oppor-
tunities
for peas-
ants flee-
ing to
town

Urban
art and
letters

The origin of art and literature lies far behind the town, but it was there that art, letters, philosophy, history, and science were systematically cultivated in private homes, in academies, and in universities. To tell the story of these would be to write the history of the higher human attainments. We are all conscious of what we owe to Egyptian towns, to Greek cities, to Rome, to medieval Florence and Venice. The perfection of writing, the compilation of treatises, such as town histories, the collection of books and works of art, the erection of fine buildings, such as ancient temples or medieval churches, halls for rich merchants, and palaces for private citizens, belong to town economy.

Miracle
plays

But there is one art, the histrionic, which seems so close to our main interest that we are compelled to note it. In medieval towns where public entertainments were few, the gilds presented not only pageants but plays. There were the miracle plays that college students nowadays are required so painfully to read, plays that present scenes from the Bible. The acting was slight, the posing considerable. How much fun there was, we can hardly tell. Perhaps some gild actor occasionally twisted the devil's tail and some one in the audience made sarcastic remarks about the players. Who could refrain from a smile, if not a jeer, when the vintners presented the feast at which the water was turned into wine, when the tailors held the cloth—as thin as air—to represent a cloud at the Ascension, and when the plumbers and pattern makers showed the woman taken in adultery? Such as the plays were, they interested and we hope amused the people, as one "castle," or "float" as we should say, passed from street corner to street corner.⁹⁶

Most of the authors of these plays are unknown. One, however, was famous for his literary output, more famous in his day than in ours, for he wrote rather for his own generation than for ours. This was Hans Sachs the shoemaker-poet of Nürnberg. Among his 6000 works, large and small, were over 4000 mastersongs, more than 200 dramas and more than 1500 comic stories, fables, and the like. In one he pictures a peddler who, going to sleep in the woods, has his wares plundered and his clothes damaged by apes. The peddler dreams of a village festival and the great profits he is making.⁹⁷ The picture is graphic, typical of the familiar scenes which Sachs presented so well, and which doubtless appealed strongly to the hearers and readers. It is indeed a striking commentary on the attainments of the town when shoemakers could leave their lapstones and awls, masons their trowels and mortar, and weavers their looms, to spend their evenings in literary and musical efforts, the poorest of them bad enough but the best worthy of presentation. The guilds of the mastersingers are no less distinctive of the higher culture of the town than are the guilds of merchants and artisans of its ordinary economic life.

Hans
Sachs,
1496-1576

The individualism that we have been dealing with showed itself further in the breakdown of the old-time undivided family. How far it had gone in the country, and how far independently of the town, we cannot say, but certainly the process was accelerated if not initiated,⁹⁸ completed if not commenced in the town. The patriarchal group was based on land possession and land cultivation. It could continue, and does in Russia, even though towns exist, but as town life and influence grow, it disappears. The large family gives way to the small when the individualism

Effect of
the town
on the
family

develops that makes submission to an elder brother an oppression, when opportunity for work is sufficient to make the younger brother independent, and when associations of a protective character exist to take the place of the larger family, associations such as the gilds. When the poor trader or handicraftsman died in the Middle Ages, his gild marched to his grave, buried him, paid for masses for his soul, and where necessary aided his widow.

Urban
poor

The poor existed in the town, especially in the later phase of its development. When the town was young and competition not so keen, when little capital was required, the average apprentice became a journeyman, and the journeyman a master, perhaps never rich, but rarely very poor, unless through physical or mental disease. But in the later phase, such opportunity was partly closed through the rapid growth of population, through the increase in the amount of capital required to do business, and through gild restrictions which made a start difficult. Thus, many remained permanent laborers who otherwise might have become masters. The town, then, had its proletariat of freemen, men who were legally independent but economically dependent. And for this reason in times of disturbance, in Florence, Ghent, and London, it was to be expected that the cry would be heard to dispossess the rich and to redistribute property. The parallelism between our day and that is close. The radical solution of socialism was as much rooted in inequality then as now; the inequality was as much deserving of fundamental solution, and the discontent as little remedied by repression as now.

Charities
in towns

The gilds might care for their poor, but there would still be some left to private charity and to monasteries and parishes. The town itself in the

Middle Ages had its fund for loaning to the deserving poor, and its machinery for caring for orphans, but none quite rivaled the practice of Rome in selling grain at low prices and later even giving it to the poor. It is hard to avoid the conclusion that such a practice helped to cause Rome's degeneration and ultimate fall.

All in all, town civilization was the highest known up to date. Indeed, our narrow definition of civilization is "the culture of the town." We have gone beyond it now, so that the modern town is much criticised for its materialism, its complacent ignorance of art and letters, and its objective attitude to life. But the town of town economy was not the dependent community of to-day, not a parasite on a larger center but a dominant group of persons, the cynosure of all eyes in the district.

34. OUTSTANDING TOWNS. So far we have thought of towns as developing from one phase of economic life to another and attaining certain cultural heights. But among towns as elsewhere there were individual cases of outstanding attainment. Some towns remained largely commercial and attained fame for their commerce only, towns such as Corinth, Venice, and Lübeck. Some towns, reaching full maturity in the second phase, were noted for both their trade and their industry, such as Ghent and Ypres. Other towns found their greatest usefulness to be not their economic life but their political and administrative work. The towering example of this is Rome, which hardly entered the second phase of economic development, but which became the mistress of much of the known world. A few towns have reached enduring fame solely through their high cultural attainments, such as Bologna in law and Mont-

Early
and later
towns
con-
trasted

Com-
mercial

Indus-
trial

Political

Cultural

Towns of
varied
attain-
ments

pelier in medicine. But just as the greatest temple or church contains the grandest architecture, the finest sculpture, and the most telling pictures, so the greatest towns were successes in commerce, industry, politics, and higher cultural attainments. Such are Athens, Alexandria, Florence, Paris, and London. Their early history is that of the town; their later development attains, or at least promises, something far beyond. Some towns, only a few, became metropolitan centers, reducing to economic subordination their fellow towns which formerly had been peers among peers, not all of exactly the same measure but substantially equal. The latter were towns of the stage of town economy, still to remain towns in metropolitan economy, minor satellites not major planets.

35. SUGGESTIONS FOR FURTHER STUDY

1. Interpretations of town economy somewhat different from the one in this chapter are to be found in G. Schmoller's *Mercantile System* (1884 f., ed. by Sir W. J. Ashley, 1896), pp. 6-13, and in Karl Bücher's *Industrial Evolution* (1893, trans. by S. M. Wickett, 1901), pp. 114-133.

2. An inexpensive general account of town life is found in E. Benson's *Life in a Mediæval City illustrated by York in the XVth Century* (Society for Promoting Christian Knowledge, 1920).

3. For medieval London, see John Stow's *Survey of London* (1598, and ed. by C. L. Kingsford, 1908).

4. For a study of important official records of medieval London, see *Memorials of London and London Life* (period 1276-1419, ed. by H. T. Riley, 1868).

5. Brief histories of many towns are to be found in the *Encyclopædia Britannica*. See the Index volume (11th ed.), pp. 896-912. Examples are Samarkand, Cologne (Köln), Florence, and Winchester.

6. For Greek towns, see A. E. Zimmern's *Greek Commonwealth: Politics and Economics in Fifth Century Athens* (1911); W. S. Davis' *A Day in Old Athens: A Picture of Athenian Life* (1914); and also the same author's forthcoming book, *A Short History of the Near East (330 to 1922 A.D.)*, for example, chap. VI, Christian Constantinople about A.D. 1000.

7. For Florence, see the two inexpensive booklets by E. A. Roper, *Select Extracts illustrating Florentine Life* (Society for Promoting Christian Knowledge, 1920); and the romantic picture of life and culture in fifteenth century Florence in George Eliot's *Romola* (1863).

8. A valuable little book on Anglo-Saxon and early English towns is *The Domesday Boroughs* by A. Ballard (1904). For later English towns, see Mrs. J. R. Green's *Town Life in the Fifteenth Century*, 2 vols. (1894).

9. Anyone interested in the early history of town studies might well look at Robert Brady's *Historical Treatise of Cities and Burghs or Boroughs* (1711). It is political rather than economic. For other works, see C. Gross' *Bibliography of British Municipal History* (1897).

10. General information about the trade of medieval European towns is to be found in Helen Zimmern's *Hansa Towns* (1889, 1895). See also the article by E. F. Gay on the Hanseatic League in the *Encyclopædia Britannica*. For ninth and tenth century Scandinavian towns, see chap. XIV of *Social Scandinavia in the Viking Age* (1920), by M. W. Williams.

11. Study the early history of the towns in your state or district. See the local historical treatises. Read, for example, C. W. Dahlinger's *Pittsburgh, a Sketch of its early Social Life* (1916), and *Johns Hopkins University Studies in Historical and Political Science* (ed. by H. B. Adams), vol. IV, (1886).

12. Why did village economy give way to town economy?

13. How is it that in the stage of town economy we find villages but not village economy?

14. Study the maps in this chapter, for example, the Map showing the Towns and Dependent Villages.

15. What was the difference between an urban village and an (economic) town?

16. Explain why town economy at several epochs retrograded into village economy.

17. Which was the more complex society, the village or the town?

18. What different classes of persons would you meet in a few hours' walk in an ancient or medieval town?

19. Picture to yourself a day spent in a medieval town, visiting an inn, a saddler's shop, a mercer's store, the corn market, the town hall, a gild hall, and one of the gates at dark.

20. Enumerate and describe the various institutions pertaining to a town in the stage of town economy. In what respects did a medieval differ from an ancient (a) Greek or (b) Roman town? Consider (*inter alia*) the relation of the town to the country.

21. How did the citizens of medieval London get the following: (a) drinking water, (b) milk, (c) bread, (d) wine, (e) education, and (f) news of distant happenings?

22. What advantages, economic and cultural, did the townsman enjoy that the villager did not?

23. Have you noted any jurisdictional disputes between present-day workmen organized in unions, comparable to the disputes between medieval masters organized in craft gilds? Are the causes the same?

24. Which was the most efficient stage up to and including town economy from the standpoint of the support of the greatest number of persons per square mile? Consider the whole town economic unit with its town nucleus and tributary villages.

25. Is it in the early or the late town that you see individualism the better developed? Is the early town different from the manor as far as the position of the individual is concerned?

26. What is the connection between individualism in town business on the one hand, and the development of the arts and sciences on the other?

27. Is it true to say that the town has contributed more to both material and non-material culture than any previous stage?

28. Where do you find town economy prevailing to-day? Consider the southern part of the United States, Latin America, Australia, China, India, Russia.

29. In what respects did a North American town, of about the year 1800, differ from an English town of about the year 1400?

30. Compare a Russian town of to-day with a North German town of the 14th century.

31. Discover as many outstanding towns under town economy as you can. Study the reasons for their eminence. Consider Jerusalem, Bagdad, Constantinople, Nanking, Delhi, Salem, Richmond (Va.), and Lexington (Ky.).

32. If you are specially interested in literature, associate as far as possible, the various types of literary production with the economic stages. Does pastoral (bucolic) poetry arise out of cultural nomadism and georgic out of village economy, or are they reactions from town economy?

For a further study, see the references in the notes below.

36. NOTES TO CHAPTER IV

1. Cf. W. Varges, *Zur Entstehung der deutschen Stadtverfassung*, in *Jahrbücher für Nationalökonomie und Statistik*, vol. LXI (1893), pp. 195 f.

2. Pirenne (*Belgian Democracy*, 1915, pp. 13-14) has set forth, not for the first time, the theory that the *castrum* (our administrative or urban village) has added to it the *portus* (or free economic element), thereby becoming a town.

3. See for example the charter granted to St. Omer in 1151. A. Giry, *Histoire de la Ville de Saint-Omer* (1877), p. 378.

4. The Slavic towns were notably lacking in manufactures.

5. Two readily accessible accounts of town economy are to be found in G. Schmoller's *Mercantile System* (1884 f., 1896), pp. 6-13; and K. Bücher's *Industrial Evolution* (1893, 1901), pp. 114-133. Compare the scholarly review in G. von Below's *Probleme der Wirtschaftsgeschichte* (1920), pp. 202-257.

6. The four "towns" of Providence, Portsmouth, Newport, and Warwick in the period 1636-1647 were independent

towns within the British Empire—that is, before the colony of Rhode Island was formed.

7. In medieval Spain the town secured political or administrative control over near-by villages. R. B. Merriman, *The Rise of the Spanish Empire* (1918), vol. I, pp. 187, 221; C. E. Chapman, *A History of Spain* (1918), pp. 62, 159, 168. In medieval England there seems to have been a borough organization involving the villages round about. A. Ballard, *The Domesday Boroughs* (1904), pp. 11-36.

8. Cf. below, chap. IV, p. 166.

9. The ruins of the site of Troy indicate that nine separate towns have existed at different times.

10. Cf. Ptolemy. J. M. Kemble, *History of the Saxons in England* (1876), vol. II, p. 266.

11. See A. G. Keller's *Colonization* (1908), pp. 36, 41, 51.

12. See below, chap. IV, p. 170.

13. Philo Judæus. *Library of Original Sources* (1907), vol. III, p. 359.

14. W. Fowler, *The City State* (1895), p. 36.

15. On this subject see *Ancient Town Planning* (1913) by F. Haverfield, and *Mediæval Town Planning* (1917) by T. F. Tout.

16. Because of the fact that we know next to nothing about the economic history of Mycenean (or earlier), and relatively little about that of early Greek and Roman towns, we are compelled to base our generalizations chiefly on medieval urban history, comparing and checking it up with what is known of the earlier development.

The accepted view, propounded in one place by Adam Smith (1776), by Karl Bücher (1893), and by others, is that the chief function of the town was to manufacture goods for the country. This hypothesis is, of course, contradicted by the one in the text, that the town was essentially commercial from first to last, and that the early town was overwhelmingly commercial. It is, of course, perfectly true that ancient temples and medieval monasteries had manufacturing equipment and that they were making most of the goods they needed. It is likewise true that towns grew up around such religious insti-

tutions, but it by no means follows that the manufacturing had anything to do with this development, except in so far as it gave rise to demand for raw materials—as in all the villages. Such manufacture was for use, not at all, or not ordinarily, for sale.

In considering the origin of towns we have at least two cases to keep in mind. One is the *very first* town in a community of villages. Such a town had no models and traded in no wares from other towns. It developed at least five thousand years ago, or rather they developed, for there is no reason to think that such a growth was an isolated phenomenon. About this development we have no information of any kind whatever. We cannot even infer that such a town arose around a temple. About the other class, the later towns, we know somewhat more, but not very much more. By later towns we mean places that developed after similar centers were already in existence elsewhere. South Russian towns arose much later than Greek and Byzantine towns and were much influenced by them. French towns arose after Italian and owed much to them. After ancient Italian towns had reached their height and had gone sadly into decay, the little French community (for example) of St. Omer began to emerge. Probably a village in 648, it was given by its lay owner to missionaries. Until about the 10th century it was doubtless a market village. From that time on it was a trading town whose merchants trafficked in England and elsewhere. In 1127 its first charter was granted. This shows the existence of a gild merchant, which may have included handicraftsmen. Even the regulations of the late 13th century show but little evidence of manufacture, apart from cloth.

17. V. O. Kluchevsky, *A History of Russia* (trans. by C. J. Hogarth, 1911), vol. I, pp. 52, 53.

18. Bible. Isaiah, chap. 23; 8.

19. Cf. H. Pirenne, *Belgian Democracy* (1915), p. 91.

20. See the remarkable list of foreign wares imported into Bruges and Flanders generally, about 1200, in *Cartulaire de l'Ancienne Estaple de Bruges* (ed. by L. Gilliodts-van Severen, 1904), vol. I, pp. 19-21.

21. K. Hegel, *Städte und Gilden* (1891), vol. II, pp. 450-451.
22. O. J. Thatcher and E. H. McNeil, *A Source Book for Mediæval History* (1905), pp. 584-586.
23. See Giry and Réville. *Emancipation of Medieval Towns* (ed. by E. W. Dow, 1907), p. 13.
24. Obviously the word "patrician" is here used in a general sense. It has meant different things at different times and in different places, and at different times in the same place.
25. Cf. K. Hoffmeister, *Die wirtschaftliche Entwicklung Roms* (1899), p. 13.
26. C. Gross, *Gild Merchant* (1890), vol. I, pp. 183-188.
27. Probably the oldest Venetian patricians were the possessors of near-by landed estates, but soon their ranks were recruited from the merchant class. To a remarkable extent the fortunes of patricians and merchants were identical in Venice.
28. R. Davidsohn, *Geschichte von Florenz*, vol. II, pt. 1 (1908), p. 611; vol. III (1912), p. 195.
29. Cf. Machiavelli, *Florentine History* (trans. by W. K. Marriott. Everyman's Library, 1909), pp. 66, 71.
30. We must, of course, be careful not to confuse a town with an urban village. Perhaps the latter is in question in *The Laws of Manu* (ed. Bühler, VIII, 237, p. 296), which says that space of about six hundred feet is to be reserved on all sides of a village and "thrice (that space) round a town."
31. M. Bateson, *Records of Leicester*, vol. I (1899), pp. xi-xii.
32. *Beverley Town Documents*. Selden Society (ed. by A. F. Leach, 1900), p. 19.
33. *Liber Albus* (Rolls Series), vol. I (1859), p. 270; vol. III (1862), p. 88.
34. See chap. IV, above, p. 160.
35. As time went on the victorious Blacks (chiefly merchants) had to face a new enemy in the handicraft and artisan class, but all this belongs to the later history of the town.
36. Cf. W. Sombart's theory (of the origin of modern capitalism), that urban rents were turned into commerce. *Der*

moderne Kapitalismus (3d ed., 1919), vol. I, pt. 2, pp. 645 f. Mommsen held that the wholesale trade of Latium was in earliest times in the hands of landed proprietors. (*The History of Rome*, trans. by W. P. Dickson, 1891, vol. I, pp. 269-270.)

37. Cf. the *gebürtigen Leuten* of Brussels in 1235. K. Hegel, *Städte und Gilden* (1891), vol. II, p. 208.

38. W. King, *Chronicles of Three Free Cities* (1914), pp. 334-336.

39. A. Giry, *Histoire de la Ville de Saint-Omer* (1877), p. 276.

40. See, for example, the laws of St. Omer, Paris, and London.

41. Shoemakers in Rome were so well established in the time of Numa (700 (?) B.C.), that they possessed a gild. While, according to Pliny, the craft of bakers was introduced only in 171 B.C. See J.-P. Waltzing, *Les Corporations Professionnelles chez les Romains* (1896), vol. II, p. 78.

42. This is the orthodox explanation which the archæological researches are doing a little, but very little, to modify.

43. For the multiplicity of wares made in towns (and in the country) in the 14th and 15th centuries see *The Early English Customs System* (1918) by N. S. B. Gras.

44. T. Frank, *An Economic History of Rome* (1920), p. 180.

45. A. Giry, *Histoire de la Ville de Saint-Omer* (1877), pp. 339-340.

46. H. T. Riley, *Memorials of London* (1868), pp. 375-376.

47. *Ibid.*, pp. 348-350.

48. *Ibid.*, pp. 539-541.

49. H. Pirenne, *Belgian Democracy* (1915), p. 210.

50. H. T. Riley, *Memorials of London* (1868), pp. 157-159.

51. *Ibid.*, pp. 330-331.

52. *Ibid.*, pp. 341-343.

53. J. Hutton, *James and Philip van Arteveld* (1882), p. 178.

54. T. Frank, *An Economic History of Rome* (1920), p. 187.

55. *Ibid.*, p. 175.
56. H. T. Riley, *Memorials of London* (1868), pp. 228-229.
57. R. Ehrenberg, *Das Zeitalter der Fugger* (1912), vol. I, pp. 193-194.
58. The mercers of Paris about 1300 were also manufacturers of small wares, especially for women. *Le Livre des Métiers d'Etienne Boileau* (1837), pp. 192-194.
59. H. T. Riley, *Memorials of London* (1868), pp. 422-423.
60. See J. Tait, *Dictionary of National Biography* (1898), s. v. Richard Whittington.
61. See above, p. 128.
62. R. Ehrenberg, *Das Zeitalter der Fugger* (1912), vol. I, pp. 85 f.
63. H. T. Riley, *Memorials of London* (1868), pp. 153-154. Skinners might sell old furs on the streets (1327).
64. H. T. Riley, *Memorials of London* (1868), p. 360. Pouchmakers (1371).
65. Cf. T. Frank, *An Economic History of Rome* (1920), p. 244.
66. *Liber Albus*, vol. III (1862), pp. 169-170.
67. T. Frank, *An Economic History of Rome* (1920), pp. 264-265. Cf. the translation, *Trimalchio's Dinner*, by H. T. Peck (1898), pp. 178-183.
68. Cæsar of Heisterbach, *Translations and Reprints, University of Pennsylvania*, vol. II (1902), no. 4, pp. 12-13.
69. H. T. Riley, *Memorials of London* (1868), p. 116.
70. Machiavelli, *Florentine History* (trans. by W. K. Marriott, 1909), p. 358.
71. N. S. B. Gras, *The Early English Customs System* (1918), p. 155.
72. Life of St. Godric. G. G. Coulton, *Social Life in Britain* (1918), pp. 416-420.
73. O. J. Thatcher and McNeil, *A Source Book of Mediæval History* (1905), p. 593.
74. C. Nepos, *Atticus* (trans. by J. S. Watson, 1902).
75. K. Hegel, *Städte und Gilden* (1891), vol. II, p. 262.

76. *Ibid.*, p. 151.
77. *Beverley Town Documents*, Selden Society (ed. by A. F. Leach, 1900), p. 134.
78. For the part of the crafts in the conspiracy of Catiline see J.-P. Waltzing, *Les Corporations Professionnelles chez les Romains* (1895), vol. I, pp. 119-120.
79. Machiavelli, *Florentine History* (trans. by W. K. Marriott, 1909), pp. 95 f.
80. See H. Pirenne, *Belgian Democracy* (1915), pp. 130 f.
81. G. Unwin, *The Gilds and Companies of London* (1908), pp. 41, 143; C. W. C. Oman, *The Great Revolt of 1381* (1906), pp. 51, 56; E. Lipson, *An Introduction to the Economic History of England* (1915), pp. 338, 454-455.
82. Venice is one of the few important towns which, becoming overwhelmingly commercial, had no considerable artisan conflicts.
83. *Aristotle on the Athenian Constitution* (ed. by F. G. Kenyon), §§50, 51, pp. 93-94.
84. See the regulations found in the *Letter Books*, *Liber Custumarum*, and *Liber Albus*.
85. These were town ideals commonly attained and maintained, but set aside by strong national governments in favor of other communities, or in the general interest. Cf. Sir W. J. Ashley, *An Introduction to English Economic History and Theory*, pt. II (1909), pp. 13 f.
86. The acceptance was at times reluctantly made. Ancient Greek towns and ancient Rome delegated few, if any, powers to the gilds.
87. G. Glotz, *Le Travail dans la Grèce Ancienne* (1920), p. 354.
88. See N. S. B. Gras, *The Evolution of the English Corn Market* (1915), pp. 157-199.
89. *The Memorial History of Boston* (ed. by J. Winsor, 1881), vol. II, p. 462.
90. P. Kalm, *Travels into North America* (1770), vol. I, p. 53.
91. *Ibid.*, p. 258.

92. J. R. Commons, *History of Labour in the United States* (1918), vol. I, p. 112.

93. It is, therefore, apparent that the view of some scholars that the town was the seat of industry and the country of agriculture is unsound for it holds true of neither the first nor second phase of town economy, though it is truer of the second than of the first. It seems to be based on observations of conditions existing since the Industrial Revolution.

94. See Hall's introduction to the *Pipe Roll of the Bishopric of Winchester* (1903); N. S. B. Gras, *The Evolution of the English Corn Market* (1915), pp. 17-31; and a master's thesis by Mrs. G. T. Droitcour, University of Minnesota (1920). Reference is made in the text to the manors of the period 1183-1350, for which we have detailed information. Earlier manors may, or may not, have been self-sufficing.

95. The town of Huy bought a charter of liberties from its lord, the bishop of Liège, by the payment of one-third of its movables. H. Pirenne, *Belgian Democracy* (1915), pp. 61-62.

96. See the *Beverley Town Documents*. Selden Society (ed. by A. F. Leach, 1900), pp. 37, 99.

97. W. Scherer, *A History of German Literature* (trans. by F. C. Conybeare, 1890), vol. I, pp. 304-307.

98. The early migrations, especially by sea, may have initiated the decline of the large family group. See B. S. Phillpotts, *Kindred and Clan* (1913), pp. 261-265.

CHAPTER V

METROPOLITAN ECONOMY, CHIEFLY IN ENGLAND

37. THE ECONOMIC METROPOLIS. The large town, the outstanding town, noted in the last chapter, slowly grew into the economic metropolis. Outwardly the difference between the metropolis and the town was chiefly a matter of size. Sometimes the old walls were torn down and new ones built farther out. Three times this happened in Amsterdam.¹ And everywhere, generally reluctantly, the people had to be allowed to build far beyond the walls whether new or old. Old buildings within the walls were gradually replaced by new ones. Comprising both dwelling and place of business, the two-story structure was increased to three, becoming not only higher but more convenient and luxurious. The number of market places had to be increased and more room had to be provided for storing goods. More wheelbarrows, pack mules, carts, wagons, and ships entered the metropolis than the town. And business bore heavier risks with larger gains and losses. The petty tradesmen of town economy became subordinated to the men of big business in the new organization.

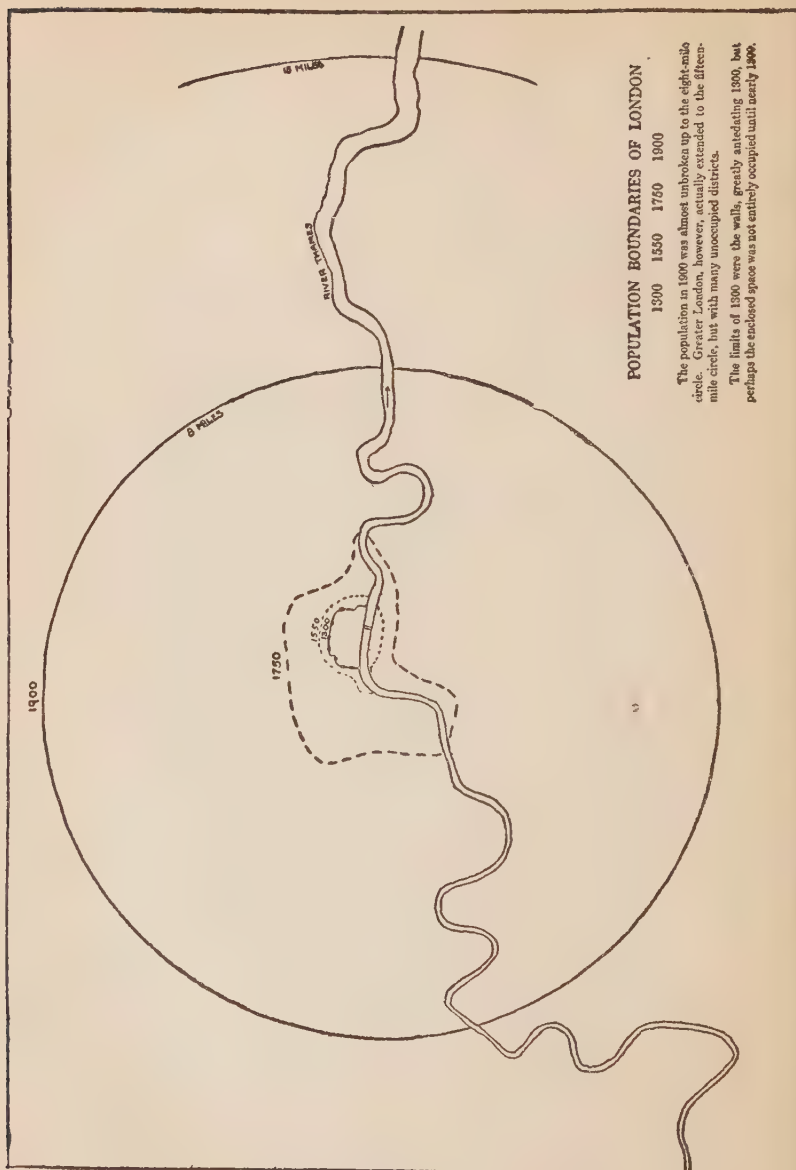
London as a town probably never had a population of more than 50,000, and of course many of its inhabitants were political functionaries and their servants. But as the town grew into a metropolis, the population increased to more than 200,000 within a century. By 1700 it exceeded half a million. As a town, Lon-

The town
becomes
a metrop-
olis

1200-1500

London's
popu-
lation

1500-1600



don had contained only about 2 per cent of the total population of England. By 1700 its proportion was about 10 per cent. In the 20th century it has been about 20 per cent.

As a town London had at one time approximately 17 per cent of the total foreign trade of England. Probably its share of foreign trade never was over 45 per cent, which is, of course, a very large proportion. But when the town became a metropolis, the percentage was almost doubled.²

The district from which London drew its supplies in the home territory was increased from a narrow circuit of but twenty to fifty miles in radius, which had been sufficient in the town stage, to a wide area comprehending almost all of England. Not only was the coast traffic more extensive, but an overland trade was opened up that had not existed before. The grain, cattle, and dairy products of the Midlands were brought to London, and later textiles and iron and steel products in great volume.

The externals (the growth of population, expansion of the area of the metropolis itself and of the district from which it drew its supplies, and even the volume of trade) are significant only in so far as they point to the new function performed by the metropolis, the function of organizing business for a wide metropolitan area. In the ancient world men called a city "metropolitan," or mother city, for that is the meaning of the word, when it established colonies or daughter cities. Home fires were taken from Corinth and made to burn anew in Syracuse. Tradition makes Carthage the daughter of Tyre, and Rome of Troy, but such early parentage is always a matter of doubt. In the Middle Ages in western Europe the metropolis was the chief ecclesiastical city of a district, the

1203-06

London's
trade

1500-1600

London's
area of
supplies16th
century18th and
19th cen-
turiesDifferent
meanings
of "me-
tropolis"

one where an archbishop presided over bishops and other churchmen. Notable examples of such a center are Antioch, Mainz, Canterbury, and York. It is obvious that a metropolitan ecclesiastical center might be economically of little importance as in the case of Canterbury and York. In modern times a metropolis is commonly a political center, a capital. For centuries London has borne that title. In quite recent years the term "metropolitan" has come gradually to signify a very large population—such as may gather about a political capital or economic center. Official statistics are compiled showing the population and area of "metropolitan" London, New York, Chicago, St. Louis, Pittsburgh, and Detroit. But mere agglomeration of individuals, important as that is, does not constitute a metropolis in the sense used in this book. What counts most is commercial dominance over a wide area, a dominance which such large centers as Pittsburgh and Detroit do not possess, for they are manufacturing towns, great and rich as such, but relatively insignificant as marketing centers for the adjoining district.

Requi-
sites of a
metrop-
olis

The towns that developed into economic metropolitan communities had to possess marked advantages over their fellows. Their situation had to be healthful, not only for a small town population but for a larger group. The town located on the seacoast or a tidal river had an advantage in that refuse would be carried off twice daily by tides. Facilities for shipping are, of course, necessary, and by shipping we mean here primarily loading and unloading, for land as well as water transportation. Position, or location, between large groups of consumers and producers is vital for commercial growth and metropolitan economy. London lies between the rich European

market and the developing markets of the Orient and America. Much of its success has been due to this fact. And yet this middle position is not in itself enough. The Phœnician cities, lying between the eastern and the western Mediterranean, had it in antiquity; Italian cities had it in the Middle Ages; and Flemish cities in the modern period. One further qualification is absolutely necessary. The aspiring town or city must possess a *hinterland*, a tributary adjacent territory, rich in natural resources, occupied by a productive population and accessible by means of transportation.

At this point it is well to note some of the different terms applying to centers of economic life. We pass over the village and the town which have already been explained. The city for our purposes is the same as a town. In ancient Greece, it should be noted, a city was originally a state—that is, an independent community with the adjoining territory politically attached. In medieval Europe the term “city” was specially applied to a town that was fortified, and one in which a bishop had his seat, a cathedral town, like Chartres in France, and Winchester in England. And in America and elsewhere the term “city” is commonly applied to a town that is incorporated. We may speak of a city under town economy as well as under metropolitan economy. And, of course, there are the few cities or towns that become economic metropolitan centers because of their commercial dominance.

The varying uses of these terms together with the five meanings of the word “metropolitan,” compel us to note that what counts is not the word but the thing, not what it is called but what function it performs. A village is what a village does, and so with

Terms
for urban
com-
munities

Terminology
not a safe
guide

a town and a metropolis. Political, ecclesiastical, administrative, and legal concepts of communities should in no sense obscure their economic functions.

Definition of metropolitan economy

Intra-metropolitan trade

Inter-metropolitan trade

Submergence of towns

Metro-politan market

Metro-politan economy

38. METROPOLITAN ECONOMY. We may think of metropolitan economy as an organization of people having a large city as nucleus, just as town economy had a town as its center. Or we may put it this way, metropolitan economy is the organization of producers and consumers mutually dependent for goods and services, wherein their wants are supplied by a system of exchange concentrated in a large city which is the focus of local trade and the center through which normal economic relations with the outside are established and maintained.

Just as villages remained when town economy prevailed, so do towns remain when metropolitan economy comes into existence. Towns remain, but in economic subordination to the metropolis. They continue to play a part, but as tributaries to a larger center. Towns exist, but not town economy. This change is marked by many a struggle as independent communities fell beneath the shadow—we can hardly say yoke—of the metropolitan center. Southampton and Britsol became subordinated to London; Rouen to Paris; Salem and Portland to Boston; Albany and Buffalo to New York; Milwaukee and Detroit to Chicago.

A closer examination of these dependent towns would show different types performing different functions, but all subordinate. And beyond the towns there are more or less scattered communities of producers of foodstuffs and raw materials, such as farmers, miners, fishermen, and lumbermen.

The large area of many communities, or rather the population, may be called a "metropolitan mar-

ket,"³ and the organization that sustains it "metropolitan economy." It is true that in studying this organization we are inclined to emphasize the great metropolitan center; but to forget the large dependent district would be fatal to a correct understanding of the subject. Perhaps, indeed, it is somewhat incorrect to speak of the area as dependent upon the center, for, though that is true, the center is also dependent upon the outlying area with its towns, villages, and scattered homesteads. Interdependence of the parts is really the key to the whole situation.

39. FIRST PHASE: ORGANIZING THE MARKET

Such a wide area of mutually dependent communities required a well-organized marketing system. In this first phase, we discover, there were developed most, or all, of the institutions and practices necessary to supply the large agglomeration of people. In later phases we find that these were improved and elaborated.

In the stage of town economy there had been wholesalers, merchants who "sold to the trade,"—that is, to other dealers rather than to the consumers. But apart from those handling a few commodities, they were not well developed. And in the Middle Ages at least, those who dealt in foodstuffs were generally compelled to sell to consumers direct. For example, the importing merchant had to sell his wine directly to the agents of noblemen. The peasant was forced, during the early hours of the day, to sell grain directly from his cart to the housewife, before the grain retailer was given any chance at all. Indeed, the only place where there was full freedom to buy and sell by wholesale was at fairs, and these came only occasionally and lasted only a few days. But when some one town grew into metropolitan proportions, the

Whole
saling

wholesaler came into his own. Every day was fair-day, and every merchant might sell to whomsoever he would. Of course, there were fitful returns to old-time restrictions, but the general development was in the direction of free trade for wholesalers. And indeed, we can readily see the point when we consider that as the metropolitan center grew, the area for supplying it grew likewise, and accordingly it was necessary to have one class of traders specialize in bringing goods into the center and taking them out, while another handled them when they arrived.

Special-
ization

At first these wholesalers, like their predecessors of the town period, performed several functions. They not only bought and sold, but they also stored their goods, notably in the metropolis itself, and they acted as their own carriers. Further progress meant a separation of these functions, so that the merchant could devote all his attention and his capital to purchase and sale, leaving to other specialized dealers the business of transporting the goods, and storing them for whatever period was necessary. Gradually such specialists arose in answer to the need, men who owned the pack horses, carts, wagons, and coaches, required to carry the goods, and who charged so much for each article carried. They were open for service to anyone who wished to hire them, hence the term "common carrier." Later the great liners developed, and the merchants gave up their steamship business. The railroads, of course, have now become the most important common carriers. At first they often used the coaches and wagons of the merchants, but in time they came to provide substantially all of the carrying facilities (only a little over half the wagons in England, however), and even assumed the risk involved in transportation.

The wholesale merchants having long distances to go and accordingly bearing great risks, and having a business peculiar to themselves, formed various associations and combinations for their own benefit, and ultimately for the benefit of all concerned. The exchange, one of the most notable of the associations, is a public place, at first on the street and later in some inclosure or building, where traders congregate to do business. On entering a larger town merchants would go to the exchange generally centrally located, for example, at Paris near the Great Bridge. There they could get from the money changer current coins in place of the money they possessed. There on leaving they could also obtain the money used in other towns to which they might be going. If it were in London, this would be done in Lombard Street; if in Florence, in a loggia or portico. These merchants, importing and exporting, would have bills of exchange to sell or discount, or they might want to buy them rather than carry coins from town to town.⁴ Brokers were at hand to bring buyer and seller together. Once having come together for monetary reasons, the merchants might further discuss the sale of cloth or leather, wine or jewels. So that finally the exchange would come to be a general place of business, to which even rich consumers might go to make a purchase.

Ex-
changes
in towns

Up to
1568
15th
century

But the metropolitan exchange was somewhat different. Consumers were eliminated entirely, leaving the exchange a wholesalers' market, though near at hand, perhaps in the same building, consumers were catered to by enterprising retailers who saw them gravitate toward the exchange. More and more was the trade confined to goods that could be sold by grade or by sample—that is, spices, silk, and precious metals.

Ex-
changes
in the
metrop-
olis

And finally, many kinds of securities were bought and sold like other commodities.

Bourse

15th
century

In many countries the exchange is called a "bourse," a term which comes from Bruges in Flanders. In Bruges there was an old family that had the sign of three purses on their shield. This gave the name to the family (Van der Burse) and also to the house that they occupied, for indeed it bore the family insignia after the fashion of the time. Later the house was used for mercantile purposes. On a square near it merchants from various Italian towns congregated to do business. The square came to take the name of bourse. Hence we have this relationship—first a family with the insignia of a purse (bourse), then the house, the square, and finally the assembly of merchants. The last, of course, constitutes the exchange. Though Bruges had the honor of providing the name (bourse) that was most commonly used on the Continent for exchange, it did not really develop the first outstanding exchange. It was a wholesalers' market, but was restricted to the use of Italian-speaking people. In all probability it would have developed into the first general exchange, had not the harbor of Bruges silted up and trade left for the neighboring Antwerp. Indeed, it is to Antwerp that we must look for the first metropolitan exchange, one to which traders of all nationalities went to buy and sell by wholesale. Lyon, Amsterdam, Hamburg, London, and Frankfort followed Antwerp's lead.⁵

1450-1550

1534,
1537,
1561

Royal
Exchange

1564

In London proposals were early made to have the merchants withdraw from the unsheltered Lombard Street to a place where rain and mud would not hamper business, in fact, to found a bourse.⁶ Finally, Sir Thomas Gresham proposed to build an exchange, provided the city of London would supply the land-

site.⁷ This became the Royal Exchange, twice burned, but still doing business—in the third building. The Royal Exchange consisted of a square and colonnade in which the merchants assembled twice daily, shops above for retailers, and cellars below for storing goods. Besides being a great center for business, it was the scene of a good deal of social intercourse, at a later date of a rather boisterous and illicit kind. At various prominent places topping the Exchange was the sign of the grasshopper—not of the purse—the sign that Gresham's own house bore in Lombard Street. The building in general plan and in many details was modeled after the bourse at Antwerp, where Gresham had done so much business both for himself and for his country. Although the Royal Exchange nowadays reflects but faded memories of its past, it still stands as a monument to the metropolitan merchant (mercator) and financier, who dying childless made the public his heir not only to the Royal Exchange but to Gresham College.

1568,
1666,
1836

In America when exchanges have been founded, they have usually been patterned after the London institution, at least the early ones. In colonial days Boston had its Royal Exchange where there were walks for merchants and around which there were several booksellers' shops.⁸

Early
exchange
in Boston
De-
scribed
in 1740

As metropolitan centers have gone on developing, a third kind of exchange has come into existence—specialized bourses. Instead of one general exchange there came to be many, one for securities, the stock exchange; one for some single merchandise, such as the cotton, the coffee, or the corn exchange; and one for a group of related commodities such as the produce exchange, handling grain, meat, eggs, hay, and the like. In London the Royal Exchange is left with one

Special-
ized ex-
changes

of its original functions, the sale of foreign bills of exchange.

Minor
ex-
changes

It should not be thought that exchanges exist only in metropolitan centers, for only the great ones are there. Minor exchanges are found in large towns or incipient metropolitan cities near the place of production or near the consuming market. Examples of the former are the cotton exchange at Alexandria, Egypt, the grain exchanges at Duluth and Peoria, and of the latter the coffee exchanges at Havre and Bremen. Stock exchanges exist in provincial towns,⁹ but neither in number of members nor in volume of business are they important. Such towns merely approximate the position of Antwerp, Amsterdam, and London in the 16th century when the first metropolitan exchanges were established.

Joint-
stock
com-
panies

The same merchants that were founding exchange associations were establishing joint-stock companies, notably for colonization and trade. Although the joint-stock company was used before the metropolis existed, it was not an important factor in trade till the metropolitan stage. Any venture that required much capital and encountered great risk, was difficult for one man even though rich. Accordingly, a joint-stock was formed. When well developed, this joint-stock was made up of a specified number of shares of equal value, and available for sale. Although the first joint-stock company in English commerce was probably the Russia Company, the earliest of importance was the East India Company, founded chiefly by London merchants, to trade directly with India, Ceylon, and the East Indian islands. Shortly after this, the Virginia Company was created to colonize and develop Virginia. English noblemen and London merchants were the backers of the company and sank

1553

Chart-
ered 1600
First
voyage
1601-06
Reorgan-
ized 1609

a good deal of money in their venture, which was financially unprofitable. Besides gain, the founders hoped for a conversion of the heathen natives of America and for relief from over-population in London. Vagrant children were to be sent out as colonists, and indeed were so sent.¹⁰ A similar company was established by London merchants for the plantation of Ireland. The merchants invested in this enterprise not directly but indirectly through their guilds or livery companies. They hoped to relieve crowding in the metropolis by sending Londoners over to Ulster, and to gain financially by the exploitation of certain territory, notably Derry and its district of four thousand acres and Coleraine with three thousand acres. It should be said that this enterprise was not at the initiative of the merchants but was inspired by the government of the day, so as more readily to hold Ireland in obedience and to propagate the Protestant faith. At any rate the subscribers put out a lot of money receiving no dividends for thirteen years.¹¹

For
example,
1618

1610

The formation of joint-stock companies gave an enormous impetus to metropolitan development. Enterprises, not otherwise to be undertaken, were possible,¹² sometimes to explore, sometimes to colonize, and sometimes just to carry on trade. Of course, they were used for mining and manufacturing,¹³ but with these we are not now concerned. The known world of commerce was divided up; one company was to develop the Baltic Trade, others the Russian, the Levant, the East Indian, the West Indian, and so on.¹⁴ The merchants of Paris as well as of London were organized into joint-stock companies. When success came to these companies, it meant an enormous inflow of materials from all parts of the world

Joint-
stock
com-
panies
aid con-
centra-
tion

and a corresponding outgo of goods not needed at home. In other words, it provided for concentration of commerce never before contemplated. Of course, the ambitious metropolis was hard put to it to find capital for such investments. But the fact that shares could be issued enabled it to succeed, for the capital not only of merchants but of orphans and widows, clergymen, gentlemen, and others not able to engage directly in trade, could be invested in stock. And the people of a wide area, the nobles at first, and later others, could be enlisted to give aid to such gainful enterprises. Where the companies were carefully and conservatively managed (usually where the merchants were in charge), the companies were successful because the people would have confidence enough to invest, and the ventures would bring in returns. London was the outstanding illustration of success, Paris of failure.

It was by means of such trading companies that the metropolitan centers, such as Amsterdam, London, and Paris,¹⁵ secured new markets and strengthened old ones. Two different kinds of trade were involved, which we may call the "extended" and the "local" or "hinterland." The hinterland trade takes place inside the area: it is intra-metropolitan. The extended trade lies outside the area: it takes place between the metropolitan unit and the great beyond. When the extended trade is between two centers that are both metropolitan, we may call it inter-metropolitan. The hinterland trade is the wheel of the machine; the extended trade the belt connecting the wheels.

Two
kinds of
trade:

1. Ex-
tended
trade

Probably from the first the town had carried on an extended trade with distant towns, whether in the same country or in foreign lands. As early as 1200,

Bruges received wares from almost all the known lands of Europe, North Africa and Asia Minor.¹⁶ The metropolis merely multiplied the connections. The discovery of America and the opening up of the South Seas offered unprecedented opportunities. More distant markets were available, and commodities were brought direct, such as spices and cloth, which had formerly come overland at high cost and in small amounts. Soon they were coming by ship at low cost and in large quantities, so that there arose that phenomenon of modern trade, the glut. The phrase, "a drug on the market," perhaps originally signifying something hard to take or not wanted, might in the 16th century be thought of as taking on a new meaning when oriental drugs and spices reached the European Atlantic ports, not in a single ship but often in a whole fleet of ships. And we must not forget the products of the Americas: Peruvian gold and silver, West Indian sugar, Virginian tobacco, Carolinian indigo and rice, New York furs and New England lumber. Of course, this is but one side of the trade, for these wares had to be paid for in goods (ordinarily manufactures), except in the case of Spain which secured much of its supplies by forced labor and not by trade. As Britain's empire grew, many of the individual planters and the colonies also appointed agents resident in London to look after their affairs, in the case of the planters to sell their raw products and purchase manufactures.

The counterpart of this extended trade was hinterland trade. Although London might pay Boston (Mass.) for its lumber or fish by sending tea from Ceylon or spices from the East Indies, it was also obliged to send a large amount of hinterland products, woollens, hardware, books, and many luxuries.

2. Hinterland trade

As the extended trade increased, it was necessary to widen the hinterland market to provide an ample base for further expansion. The local or home market of the town had been an area having a radius of a score or more of miles. But the growing metropolis was compelled to extend its district more and more, till in the case of London it included substantially all of England, only the extreme northwest probably lying outside. Later when other cities developed in England to share the foreign trade with London, it lost some of its home base, notably the territory around about Manchester-Liverpool, which we may regard as functionally one center. Such division of local or home marketing territory does not mean loss of extended trade, because the area that remains may be more intensively developed, and because the metropolis may stress its entrepôt trade. This is just what London did, it became more and more a port at which distant wares were assembled, and from which they were sent, being stored there for assortment before being shipped elsewhere.

Metro-
politan
storage

It is clear that a metropolitan city which focused in itself both extended and hinterland trade must be a great storage center. Indeed, storage becomes in metropolitan economy a vital part of commerce; it had always been an important part. A larger variety of wares was laid up, and a larger amount also. Most of them came from greater distances. Hinterland goods were housed ready to be sent to participate in the extended trade. In fact, storage helps to interrelate the two departments of commercial organization, hinterland and extended, so that they can exchange their goods just as connected reservoirs exchange their supply of water.

In the town stage the storage accommodation was

in the hands of retailers and wholesalers. It was usually a cellar or a shed, near a store, workshop, or dock. In the metropolitan period there were constructed specialized warehouses, belonging to men whose chief business was to care for the goods of others, charging so much per gallon or per bushel for wares stored. Gresham's Royal Exchange provided such special service. When the law of England allowed goods to be imported and then exported free of duty, special bonded warehouses were required; as also when imported wares had to pay duty only when removed for domestic consumption. So far has this separate business of warehousing gone that immense amounts of capital have been invested in it, and in some instances concentrated in a few hands, as in the case of the Liverpool Warehousing Company and the Bush Terminal Company of New York.

Spe-
cialized
storage

Early
18th
century

Early
19th
century

The growth of the metropolis involved many new developments in business enterprise, of which specialization was but one. Larger amounts of capital were required. Credit was used as never before in business. Advertising gradually became a valuable adjunct to sale and purchase.¹⁷ Merchants began to hustle, to go out for trade rather than to wait for it. And so much competition was there for business that some undertook to make new things out of old. The Jews were prominent in the introduction of both hustling methods and making shoddy cloth.¹⁸

New
business
enter-
prises
London,
1658 f.

The new methods of business arose only after many experiments and after many failures and successes. The period required was long and the outcome in some instances uncertain. Individuals made their experiments and, when they succeeded in establishing a new warehouse or in setting up an advertising agency or starting the manufacture of shoddy cloth,

Experi-
ments in
the me-
tropolis

the metropolitan organization was so much the stronger. When they failed, some one else tried and managed to succeed.

At one point, however, it was necessary for the public authorities to step in to direct private action and even to enter the field of business themselves. The growing town—especially an incipient metropolis—could not afford to take any risks on its grain supply, for not simply prosperity but life was at stake. Medieval London with its population of forty or fifty thousand could subsist on grain brought from the near-by country districts, supplemented occasionally by shipments from other towns. But metropolitan London was compelled to look farther and farther afield for its grain supply. Of course, it was not possible to develop a market in the hinterland in a short period of time, and so foreign towns were called upon, especially Dantzic. In spite of the fact that the national government was brought in to help solve the problem of food supply, it was only at the end of about one hundred and fifty years that the adjustment was made, and that London had enough grain and to spare. At that time London had organized a metropolitan grain market, with country buyers and metropolitan merchants possessing large amounts of capital, ample warehouses, and wide business connections.

In the intervening period the London authorities tried to solve their food difficulties by elaborate regulations of purchase and sale after the fashion of the town. They were unable to appreciate the significance of the new changes. Their efforts made the situation worse in many respects, but clearly registered their problem. One of their solutions, and one of the best, was to buy up grain when cheap, store it in granaries,

Metrop-
olis and
grain

Polish
grain
through
Dantzic

1514-1660

1660

1514-1660

London
stores
grain

and sell when there was a dearth, not at famine prices but at reduced rates. After doing this themselves for a period, the London magistrates turned the business over to the gilds who in a half-hearted way continued to buy, to store, and to lose money. 1514-78 1578-1678

During this period of adjustment of food supplies, the growing metropolis scoured the grain areas that were at all available and often developed animosities and rivalries of far-reaching results. London was jealous even of Lynn's trade in grain, for both London and Lynn drew their supply from the same district.¹⁹ Paris and Rouen and Paris and Lyon were competitors for grain in the districts adjacent to them.²⁰ But one of the best illustrations comes from America. In the western part of New York State there is a very fertile valley through which the Genesee River flows. Excellent wheat is grown there. And when the Atlantic seaport towns began to develop and to feel the shortage of foodstuffs, they became competitors for Genesee grain and flour. Montreal had some advantage at first, but New York City, Boston, Philadelphia, and Baltimore improved their means of communication till they won easily and completely. Their success, however, was greater than merely tapping the Genesee Valley: they opened the whole American West and henceforth their growth in population and trade was unhampered by any lack of foodstuffs. Competition for grain 1572 16th and 17th centuries

Issues so near to the heart of man as gaining wealth and living in luxury, and so near to his very existence as securing a food supply, we might think, would not fail to develop a metropolitan policy. The metropolitan unit (metropolis and hinterland), however, for various reasons has no policy. It has up to the present no organization of a *formal* character, no parliament or congress of representatives to frame No formal metropolitan organization

a policy and no executive to put a policy into operation. Probably the nearest approach to such organization is to be found in such communities as Florence and Venice in the early modern period. But even in such instances it is the center—which may, indeed, be a budding metropolis—that dominates the whole district or hinterland. The policy in such cases would not be so representative of the whole unit as of the commercial (and political) center.

National
unit
over-
clouds the
metro-
politan
unit

Another reason why the metropolitan unit (not the same as the metropolis itself) has developed no policy of its own is that the political or national organization forged ahead of it. The state is, of course, a very old institution, older than the metropolis. And although the state took a very long time to develop an economic policy, it had time enough, during the stages of village and especially town economy, to feel its way towards an economic viewpoint which it brought to a head before the metropolis gained any strength. How much accelerating influence the centralization of the economic life in one large city, or in several large cities, had upon the growth of a national policy, it is hard to say, though it was probably considerable.

The state was the organization, then, that forestalled the metropolitan unit in the establishment of an economic policy. And, as was to be expected, that policy was national rather than metropolitan.

16th to
19th cen-
tury

Mercan-
tilism

This policy, developed by European states and known as mercantilism, aimed at making the nation strong economically, not by allowing all men and all classes to work out their own economic welfare, but by guiding, restraining, and restricting. Home industries of all kinds were to be helped, by means of prohibitions against importing certain foreign wares,

by protective tariffs, and even by bounties on the production of wares for export. It was essentially a political policy with an economic basis. The nation was to be made economically strong so that it might remain politically independent and masterful. It was to develop its manufactures, its agriculture, its shipping, and its trade, so that its enemies might not take an unfair advantage of it in time of peace and might not rob it of independent existence in time of war. With abundance of food produced at home, with plenty of raw materials carried in its own merchant marine defended by its own navy, with weapons made by its own manufacturers, and with plenty of gold and silver brought in by merchants who exported more wares than they imported, the mercantilistic state hoped to be strong and to endure.

Mercantilism was the policy of the town writ large in the affairs of the state.²¹ Gradually the town had worked out a plan for encouraging in a narrow way the economic life of its own citizens as against country people and inhabitants of other towns. Elaborate plans for controlling the food supply had been drawn up and enforced by the town authorities themselves, while the management of other trades had been delegated to the craft guilds. In the mercantilistic period the concept of citizenship was extended to the whole state and regulation was planned and executed by the national government or by individuals or associations to whom (as to the guilds) authority was delegated.

Town
policy
becomes
mercantile

Mercantilism was accepted by the metropolitan unit for three reasons. People in the metropolis and in the towns of the hinterland were already familiar with a similar policy under the old regime of town economy. Most people, seeing the necessity of polit-

Mercan-
tilism
favorable
to metro-
politan
economy

ical centralization, were coming to favor national as distinguished from local action. And mercantilists generally assumed internal free trade²² (as in England), or where it did not exist (as in France) they tried to bring it about. To the metropolis this meant an opportunity, unimpeded by local hindrance or provincial toll, to organize and develop the trade of the hinterland.

Mercan-
tilism
unfav-
orable
to metro-
politan
economy

Some parts of mercantilism, however, could not be regarded as coinciding with the interest of the metropolitan unit or working to its advantage, at least not until somewhat modified. Mercantilism was partly based on the assumption that foreign trade needed watching at all times and careful regulation on certain occasions. It sought most of all to make exports greater than imports, so that gold would have to be brought in to pay for the excess of goods exported. It interpreted this doctrine in a narrow way, applying it to single countries rather than to all foreign customers collectively. So that if statistics of foreign trade proved, or seemed to prove, that England imported more wares from France than it exported to France, then the trade with that country was to be condemned and even prohibited in whole or in part.

1678 f.

1690 f.

London
and the
favorable
balance

17th
century

Although some London merchants were prominent in upholding this narrow concept of a favorable balance of trade and were active in prohibiting trade with France, nevertheless other Londoners, such as Mun, Barbon, Child, and North, were conspicuous in their opposition to the general practice. This opposition took the form of standing out against the policy when applied to the East Indian trade which was said to drain England of her precious metals. Out of the controversy over this matter arose a somewhat more intelligent mercantilism, in which the favorable bal-

ance theory was applied to foreign trade generally rather than to trade with one particular country. And yet the restriction of foreign commerce continued to the detriment of metropolitan extended trade.

Mercantilism favored regulation not only directly by the national government but indirectly through persons and companies to whom a monopoly of manufacture or trade had been given. On this question Londoners were divided as were the people of the hinterland. Those having a monopoly of making soap in London and other towns naturally favored monopolies; soap makers who had no monopoly as naturally opposed the system. Likewise, Londoners having a monopoly of certain parts of extended trade through their chartered companies defended the monopoly; while other Londoners, and more especially the merchants of the hinterland, became interlopers or commercial free lances, violating the monopoly and championing free (or non-monopolistic) trade with other countries. It was in the interest of metropolitan development to have no monopoly in manufacture or trade except when it was to introduce a new industry or to open up a difficult and hazardous branch of commerce. In time, national policy and practice were changed so that they coincided with metropolitan interest and advantage, but this was only in a later phase of metropolitan economy.

There was a third element in mercantilism that did not work to the advantage of the metropolitan unit. Mercantilism had stressed manufactures on the ground that they provided expensive goods for export and thereby increased the likelihood of a favorable balance of trade.²³ In the first phase of metropolitan economy the chief concern of the metropolitan unit was not so much advance in industry as reorganization

London
and
monopoly

London
and
manu-
factures

of the marketing system from a town to a metropolitan basis. But when the second or industrial phase of metropolitan economy was reached, metropolitan interest and national mercantilistic policy coincided in so far as both were then concerned with progress in manufactures.

Efficiency
of metro-
politan
economy
in storage

Within the fold of the state we find the town developing and after it the metropolis. And both town and metropolis came into existence for the same reason. Each performed a service more cheaply than it could otherwise be performed. We may assume on the part of men a rising standard of living, a capacity for increasing their consuming power. In practice, we find a general desire to secure more goods for use, to increase the variety and the quality. Indeed, these three, quantity, quality, and variety, may be regarded as three of the pillars of human material welfare. The metropolis organized or reorganized trade so that these three would be increasingly available. By specialization this was possible, by working harder, and by adventuring to far-off seas for new and varied supplies. But could not towns, more or less equal, have developed to such an extent that they could have produced the same results? It becomes a question of whether one metropolitan center or many co-ordinate towns could more efficiently do the work. The answer is decidedly in favor of the metropolitan center, because it could function with less expenditure of capital, labor, and management. In the beginning these were scarce and the economy of concentration was especially important. Individuals want goods, as we have seen, in plenty, variety, and quality. The cost of storing a great number and variety of wares in all towns would be enormous; the cost of storing them in the metropolis is relatively

slight. A special order from a town—of a kind not found once in a hundred times—can be sent to the metropolis to be filled. It can now be sent by mail, telephone, or telegraph, so that the delay is negligible.

Wares might be transported from one town to another, regardless of the location, and without going to a metropolitan center. It is physically possible, that all the highways, canals, and railways should form a kind of checker-board with towns at the places where the lines cross, rather than a spider web at the center of which lies the master metropolis. But such a checker-board system would be wasteful. It is more economical and efficient to make a few roads perform a great deal of service rather than a little, for the roads have to be maintained anyway. It costs less to run a few full trains on the lines centering in the metropolis and connecting one metropolis with another than it would cost, if there were only towns and no metropolis, to run many half-loaded trains on parallel lines connecting town and town.

Efficiency
in trans-
portation

The same principle of economy or saving prevails throughout. In the use of capital we see it to a marked degree. The surplus funds of a wide area may be concentrated for full use in the metropolis, while lying in individual towns they would remain relatively idle.

Efficiency
in use of
capital

Just as we get more goods in greater variety and of higher quality in metropolitan than in town economy, so we get a greater variety of personal services through the concentration in the metropolitan center of specialists in great variety—in medicine, law, science, and business. The citizen of a town gets service at a lower rate by going to these in the metropolis than by attempting to maintain them in his home town, even if that were possible.

Efficiency
in per-
sonal
service

Personal
motive
and
public
service

Of course, the motive of the chief functionaries in the metropolis, the great financier, the wholesaler, the broker, the warehouseman, the medical specialist, the commercial and international lawyer, and the business expert, is one of personal gain. Each sees a chance to earn a living and to secure an income, by performing a service new or old, one of value to a wider area, and a larger group of people than existed before.

Social
and
political
factors in
metro-
politan
devel-
opment

Many services that are non-economic are, of course, performed by the metropolis. There is a strong desire in some people to move into a larger group so that they may be lost to the world. Lost in the crowd is a seclusion almost equal to that of the desert. On the contrary, some flock to the large city to join in its social life. The need for political organization, quite apart from economic affairs also leads to concentration of population; and, as we have seen, the word "metropolis" applied to a political before an economic group. Around the political functionaries, cabinet members, congressmen, clerks, military guard would grow up a host of servants and professional people to help them in the daily task. All this is very real and undoubtedly such centers as London, Paris, and Berlin were powerfully aided by political considerations. In order that the provinces might be held together by force, the Romans had built roads radiating in several directions. And these same roads later became a centralizing influence in the political life, for example, of England. They also powerfully aided London to develop into an economic metropolis. But this situation was more helpful than creative, more contributory than determining; otherwise, Rome on which so many roads converged would have become an economic metropolis, while in fact it never fully developed even as a town.

From
1100 to
1500
16th
century
following

If metropolitan economy is so economical and if it caters so much to the general needs of men, why does it develop so relatively late in history, or at least reach maturity only in modern times?

Why does metropolitan economy come so late?

Earliest Babylon was a collection of villages. Later it became an economic town with an important caravan and river trade. Commerce from the four quarters of the ancient world centered there. Certainly, it was in outward appearance close to metropolitan economy. Perhaps if we could learn all the facts, we should say that Babylon at its height attained the first phase of metropolitan economy or was about to enter it.

Babylon

Tyre, Sidon, and Carthage, Athens, Corinth, and Delos, Antioch, and Ephesus, all attained eminence as commercial centers and some entered the second phase of town economy to the fullest extent. But metropolitan proportions they never attained. They were weak in local trade. They were notable entrepôts, and ports of transit, but the surrounding district never became fully tributary, never was organized to contribute any great surplus of products, or to receive very many foreign wares through the town. Sometimes the hinterland was restricted in area and barren, sometimes it was inhabited by unconquerable peoples.

Phœnician and Greek cities

Perhaps there is one ancient city that has reasonable claims to metropolitan distinction, stronger than Babylon's—that is, Alexandria after the time of Christ. The Mediterranean gave it extended trade and the Nile gave it a rich basis or hinterland, rich it should be urged but not large, for though the Nile was long it was only fringed by fertile soil on either bank, all beyond being desert.

Alexandria

For medieval towns, too, metropolitan claims might

Medieval Italian cities be made. Venice, Genoa, Florence, all had territories adjacent that were both economically and politically dependent. Their extended trade was unquestionably large. Much of the machinery for carrying on metropolitan trade was there, wholesalers and bankers in particular. Incipient metropolitan centers they were, but the extent of their hinterland was limited and made precarious by war, and their extended trade was eclipsed by the discovery of new routes and new lands and the gradual shifting of emphasis from the Mediterranean to the Atlantic.

Bruges made a start that was throttled by the silting of its harbor. Upon Antwerp²⁴ fell the mantle of Bruges, and for about three generations it made great headway, so that Bruges appeared but a medieval town. Full metropolitan development probably lay beyond Antwerp because political boundaries made it the focus of but a tiny country. Its actual destroyer, however, was its government. Sacked and plundered by its Spanish masters, and with many houses burned and citizens massacred, it lost its position of commercial leadership in the Low Countries. Amsterdam aspired to the position that Antwerp lost and as a commercial depot was rivaled only by London.

London was the first center to have the happy combination of a rich and populous hinterland and a great extended trade. Accordingly, it was the first city that not only showed metropolitan promise but actually passed through all the phases of metropolitan economy anywhere to be observed. In the case of London, the first of these phases (the general organization of the market), occupied the period from about 1550 to about 1750. Other centers followed both in Europe and America. In the latter, the sea-ports leaped ahead in competition one with another

Medieval
Italian
cities

Bruges,
Antwerp,
1500-76

1576

London
the first
typical
metrop-
olis

London
in first
phase,
1550-1750

to organize the great fertile plains that lay westward. And later the towns of the west arose to claim and to establish metropolitan position. So that to-day, apart from the south and the Rocky Mountain section, metropolitan economy is well intrenched in the United States.

40. SECOND PHASE: INDUSTRIAL DEVELOPMENT. Although the foundation of metropolitan economy was laid in the general organization of the market, much remained to be done. Further progress lay in the development of manufactures. One of the pillars on which the metropolitan structure rests is the possession of a variety of wares, a full store of all commodities which are available and in demand. These may be secured in extended trade or may be produced within the metropolitan marketing area, either in the metropolis itself or in the hinterland.

It is inevitable that a metropolis like any other large city should have manufactures. The existence of a considerable demand right in the place itself invites industries. The manufacturer has small transportation charges on his finished goods and he can keep in close touch with the tastes of the consuming public in the metropolis. Any surplus can readily be disposed of elsewhere by means of the metropolitan marketing organization. The tastes of those outside the metropolis generally follow metropolitan fashions, so that it will not matter if the manufacturer does send his left-overs into the provinces a season or so late. The manufacture of articles of fine clothing and luxuries thrives in the metropolis, women's clothing in Paris and New York, men's in London and Chicago. When knitted hosiery²⁵ and fine coaches were introduced into England, they were first made in London. These are but a few of the many examples.

Manu-
factures
in the
metrop-
olis

16th and
17th cen-
turies

Raw
products
in metro-
polis

18th
century

19th and
20th cen-
turies

To the metropolis went raw products from all parts. From the standpoint of the manufacturer it was advantageous to be close to the focusing point of his supplies. A notable example of this is found in sugar refining in London, meat packing in Chicago, and flour milling in Minneapolis and Kansas City. If no countervailing influences were at work, the advantages of raw materials and a consuming market would make the metropolis as important for its industry as for its trade.

Indus-
tries in
the hin-
terland

But many of the new industries that have been set up in the metropolis move out into the towns and villages of the hinterland. And from time to time industries are started afresh in the tributary area, avoiding the metropolis entirely. Accordingly, we are justified in stressing the industrial development of the district more than that of the metropolitan center.

1589

London
hosiery
industry
moves
to the
hinter-
land
1620 f.

The industry of framework-knitting, or the making of hosiery by machinery and later lace, was first introduced into London where it flourished for over a hundred years, but soon after it was set up there, it began to develop also in the villages²⁶ and towns round about. The finished product, for instance the hosiery made in Norwich, went to London for sale to the merchants who exported it to Spain, France, and Portugal.²⁷ Two brothers in Nottingham made fine hosiery, one superintending the manufacture and the other going on foot with his samples to the London houses that handled his wares.²⁸ When the knitting industry left London, it gradually localized according to its special branches, woolen hosiery going to Leicestershire, cotton to Nottinghamshire, and silk to Derbyshire, until London's part in the industry was negligible.²⁹ One of the causes for the

1638

Before
1808

1782

migration from London was the restriction on the number of apprentices that a London knitter might keep. The ambitious knitter was anxious to employ as many apprentices as possible, because he paid them low wages, while the rank and file of the masters, less ambitious, sought through their gild or company to restrict the number of apprentices, after the old-time practice of the masters in town economy. Of course, the laborers, having served their apprenticeship, were ever ready to enforce the restriction so advantageous to themselves, by means of threats, rioting, and breaking of machinery. One London master who refused to be bound down by apprenticeship limitations, moved to Nottingham where he employed at very little cost to himself, forty-nine boys, many of them being parish charges.³⁰

After
1710

The manufacture of silk had long been carried on in London, but it became prominent only after Flemish refugees, fleeing from persecution by the Spanish governors, moved to London. Over a century later

1567 f.
1685 f.

another band of Protestant refugees arrived from France, so that because of foreign skill in manufacture and the great advantages of situation in a metropolis the industry flourished. Within three generations the silk industry of London, localized at Spitalfields, was to follow the general drift outward from the metropolis. Those living at the time and since have ascribed this to the fixing of the silk-worker's wage.

London
silk
industry
moves to
the hin-
terland

It was not a minimum but an absolute wage, neither to be lowered nor raised by individual masters. Accordingly, it is said, the best workmen left London for places where they could get the high reward that their skill deserved. And the masters finding themselves obliged to pay so much to even the poorer help

Spital-
fields
Act of
1773

likewise sought the provinces. So that it was outside of London, not in it, that the best workmen, who are always the cheapest, were found, and where in time the best silk of whatever grade was made. Or we may put it another way: in London the wages came to be really higher than elsewhere. But we must not ascribe this simply to a legislative act, for the migration had begun before the law had been passed and continued after it had been repealed. Nevertheless, what London lost, Manchester and other towns in the Midlands of England gained. So that by 1833, a wholesaler in Cheapside, London, could say that he bought about as much silk in Manchester as in Spitalfields close at hand.³¹ London was giving up some of its manufacture to Manchester, at the same time that it took over the marketing of some of Manchester's products, in the case of the firm just mentioned, to various parts of England, Scotland, and Ireland.

1824

1328

1480

Hinter-
land
rivals
London
in cutlery

1833

The cutlery industry of London goes back to the stage of town economy. It had a gild early in its history,³² and though never near the top of the list of handicrafts, it was also never near the bottom. Comparatively early, rural cutlers or bladesmiths, imitated the London product.³³ By the 17th century the cutlery industry was passing rapidly from the metropolis to Sheffield. At the same time the Sheffield product was invading the London market.³⁴ In other words, London was giving up the manufacturing for the commercial function. By the 19th century, very little cutlery—only some very fine wares—was made in London. Cutlery stamped "London" and bearing the London vendor's name was really made in Sheffield.³⁵ Perhaps we should not think of the cutlery industry as really moving (frame-knit-

ting actually did move) from London to Sheffield, so much as suffering from provincial rivalry. Sheffield won because of its local advantages in iron³⁶ and water-power. Trade restrictions in London seem to have played no particular part in the decline of the London industry.

Although the movement of industry from the metropolis to the villages and later to towns was a common phenomenon and one of great importance, we must let the illustrations already given suffice. The reason why industries leave the metropolis, or why they flourish more in the hinterland than in the center, is that production costs are lower in the former than in the latter. It is cheaper to manufacture cutlery and other hardware in Sheffield and Birmingham because these towns are nearer to the sources of raw material and fuel, transportation costs accordingly being less than to London. We find a similar illustration in America. The lumber mills have left Minneapolis for northern towns, or rather have developed in the north at Bemidji, Virginia, and International Falls, because by cutting the logs in the district where they are grown and by shipping only the boards, freight is saved on the waste timber. Because of the high cost of living in larger cities, wages tend to be high in a metropolis. Only strong counter-vailing advantages will keep an industry in a community where wages are high and where for that reason production costs are excessive. High wages may be due to the high cost of food, to the scarcity of laborers, or to such devices as the Spitalfields Act. Labor difficulties, caused by strongly organized labor associations, likewise increase the costs of production in so far as they force employers to pay higher wages, and often cause strikes and lockouts, as costly to the master

Reasons
for de-
centrali-
zation of
industry

as to the men. Often taxes are so high in a metropolis that manufacturers seek relief by going either into a country village or a manufacturing town, where the standard and cost of living are low and where tax rates are moderate and the assessment only nominal because there are no expensive public utilities to be maintained. We can see how real the differences in cost were in the case of the shipbuilding industry. In London it cost about £10 a ton to build ships, while for the same quality of work it cost only £8 in the western part of England, and for a slightly inferior grade of work only £6 or £7 in the north.³⁷ It was accordingly inevitable that shipbuilding would move from London to other places.

1833

Hinter-
land of
London
becomes
industrial

One way in which the metropolis became commercial and the hinterland industrial, then, is by a movement of the industry from the center to the outlying parts. But the outlying parts developed industries of their own, industries that were never specially identified with the metropolis. The textile manufactures well illustrate this. Early in the career of metropolitan London, woolen cloth was being made in the villages and towns for sale in London itself. The industry developed from local skill and models but was organized by clothiers having the needs of the London market in mind. At a later date the cotton industry sprang up in the northern part of England, selling its products through London at first, and later also through Manchester-Liverpool. The iron and steel plants of the north made hardware that was finished in London and machine parts that were put together there, whence they were, of course, sent to all parts of the world.

18th
century

The history of New England well illustrates the industrial development of the metropolitan hinter-

land and the commercial development of the metropolitan center (Boston). At one time boots and shoes were made largely in villages and towns for strictly local use. Gradually a surplus was developed to send to Boston, whence they were shipped to other Atlantic ports, to California by boat, and, of course, abroad.³⁸ Boston early claimed to be the largest shoe market in the world,³⁹ though it had relatively few shoe plants itself. In fact it had fewer makers of shoes than it had wholesalers of shoes.⁴⁰ In time the shoe industry left the villages for the towns, and Boston became surrounded by industrial satellites, Lynn with its ladies' shoes, Brockton its men's shoes, Haverhill and Worcester with their slippers. Cotton factories sprang up at Fall River and Lowell, and everywhere there were woolen centers, the most outstanding being Lawrence. In the case of these textile towns the advantage in their special location lay originally in cheap water power, for all were situated on the banks of rivers. And at the service of all New England towns there was the Boston market with its splendid connections by land and sea; and also the unsurpassed Yankee labor, ingenious and persevering.

A close examination of the industrial development of both the metropolis and the hinterland shows clearly marked changes in organization. The old town retail handicraft was giving way, not just here and there but everywhere, to the wholesale handicraft. That is, the artisan was coming to make his wares for sale, not by retail to the consumer near at hand but by wholesale to a dealer who sent much or all of his ware to the metropolis there to be disposed of to retailers or to be shipped to various parts of the world. In this wholesale handicraft stage (also called "domestic"), the worker labored usually at

Boston's
hinter-
land
becomes
industrial

18th
century

1850's

1857

1850

Retail to
whole-
sale
handi-
craft

England
16th
century

home, aided by his wife and children, a few apprentices and sometimes a journeyman or two. When he lived in a village or a small town, he had a garden and a cow, chickens and perhaps a horse and cart. Sooner or later, often after having experienced periods of prosperity, such an artisan, or small master, suffered very greatly in time of depression and in some trades entirely disappeared.

Whole-
sale
handi-
craft
to cen-
tralized
industry

In the change from retail to wholesale handicraft we have a good deal of scattering of industry,⁴¹ its location in villages and small towns. In the next step we find concentration not in the metropolis but in industrial towns, or metropolitan satellites, located in the hinterland. This was introduced by the centralized system of industry (central workshop and factory), wherein the workers were brought together under one roof to labor under supervision, and in due time to utilize power machinery in factory production. The earliest factories were frequently located on rivers and streams where there was no town at all. These factories either led to the growth of towns on the spot where they located, or they moved to industrial centers when water power ceased to be vital.

Indus-
trial Rev-
olution

Late 18th
century

Early
19th
century

Indus-
trial
satellites

This change leading to the establishment of the factory is commonly known as the Industrial Revolution; beginning in England and developing soon thereafter in America, Belgium, and Switzerland, it has spread to all advanced countries of the world. It has meant much to economic life generally, but we are here concerned with only two results: the change in the organization of the industry, and the creation and development of industrial satellites, such as we find around London, Paris, Manchester-Liverpool, New York, Boston, and Minneapolis-St Paul. These satellites are not the industrial suburbs of the metropolis

but separate towns specializing in manufacture and marketing their wares through the metropolis.

This industrial phase in the metropolitan development of London fell within the period from about 1750 to about 1830. In the case of other metropolitan units it came somewhat later and in some parts of the world is even now under way. It involved the relative decline of London as a manufacturing center, at the very time when the greatest changes were taking place in the methods of manufacturing.

Industrial phase in the metropolitan development of London, 1750-1830

With such developments taking place, we might expect that the interests of the metropolis would be wholly commercial and those of the hinterland wholly industrial, and that there would be a clear-cut conflict. Conflict there was, but it was not clear-cut, for while the metropolis was pre-eminently commercial, it was also, as has been seen, to a considerable extent industrial. So, while its merchants might seek to break down all barriers to foreign trade, its manufacturers might and did seek protection. In short, the interest of the few manufacturers of the metropolis and the many manufacturers of the hinterland was identical. The weavers of both Spitalfields (London) and Manchester were anxious to prevent London mercers from importing French silks. This interest became a plank in the great national platform of mercantilism. This meant that everything should be done to further manufacture within the nation, originally that the nation might be self-sufficing and strong in time of war, but ultimately so that manufactures, being relatively expensive, would so increase the value of exports that there would be a favorable balance of trade. The nation was to export valuable manufactures and import cheap raw materials and accordingly compel its customers to send to it large

Metropolitan economy and mercantilism in the industrial phase

About
1700
1820

quantities of gold and silver. Against some of this doctrine the metropolitan merchants soon protested, but not effectively till the early part of the nineteenth century when the manufacturing hinterland was sufficiently developed to fear no foreign competition. Then and only then, when the appeal was for free trade in order to get cheap food for artisans and laborers, did the metropolitan merchants have their way. In this new policy both interests, commercial and industrial, were harmonized. But throughout the industrial phase with which we are now concerned, the policy prevailing was still mercantilism.

Protest
against
industrial
evils

At the very time that mercantilism reigned, however, there developed a policy of protest against excesses in manufacture, against the physical and mental wear and tear involved. No human feeling seemed to fill the breasts of the men who organized the Industrial Revolution. They employed women and children and kept all their laborers working long hours. They used old and unsanitary buildings. All these practices were brought about by conditions of competition, the small amount of capital available, and the greed of the new industrial masters. Mercantilism protected the masters, as we have seen, and the new spirit of humanitarianism arose to protect the workers. First in England, then on the Continent of Europe and in America, laws have been passed to remedy the evils of employment. Some of the Southern States of America, however, still remain unregenerate in this respect, probably because they are passing through their Industrial Revolution and the masters feel the need not only of protection for themselves but also of freedom to exploit their employes.

First
English
Factory
Act, 1801

41. THIRD PHASE: DEVELOPMENT OF TRANSPORTATION. While the metropolitan area was developing its manufactures, improvements in transportation were also being made, but the most outstanding changes in transportation really followed those in manufacturing. Or we may otherwise put it, the revolution in transportation followed that in industry. But the period of preparation for the one was about as long as for the other. As before, we need to consider developments in both the metropolis itself and in the area tributary to it.

Revolution in transportation follows revolution in industry

The town under town economy had been a community of crooked narrow streets, in which movement was hampered by stalls which projected out from the stores and shops of the tradesmen. In ancient Rome (and Constantinople) walking was difficult, litters and sedan chairs were often blocked, and carts and carriages were not to be thought of during the day time.⁴² In Antioch the cart was so unpopular that Aurelian did not dare use one in his entry into the town.⁴³ Medieval conditions were but little better. As the town developed into a metropolis, improvements had to be made. Streets were widened and straightened, especially after a great fire such as took place in London. Progress in paving the streets was slow but sure, necessitated by increasing travel. And in recent times transportation has been immensely facilitated by electric street cars (on the surface, overhead, and underground) and now by gasoline motor vehicles.

Streets in town and metropolis

Late 3d century A. D.

1666

Since the 1880's

Since about 1900

Although much more traffic is handled by these new means, there is, nevertheless, even more street congestion in the metropolis than there had been in the town under town economy. Indeed, traffic is possible only by careful organization, one-way streets, and special officers supervising it at the busy hours. In

Congestion in metropolis

spite of the elaborate plans and great improvements, congestion constantly prevails in certain parts near the chief wholesale and retail sections of the metropolis. And it is well known that some metropolitan cities have suffered severely because of this handicap. New York is so badly off that the delays and charges involved in transferring wares have caused much traffic to go to such other ports as Baltimore and Norfolk. Chicago's sixty-one miles of underground railway for handling freight have been indispensable, but they are no longer adequate. And now in very recent years the system of street transport by means of motor trucks has introduced the new problem of providing roads that will stand the great strain of heavy loads. As yet there is no solution, and accordingly we are frequently confronted with what seems to be and is an anomaly, that roads in the great metropolitan centers are often worse than those in the country.⁴⁴

Since
about
1911

Our main interest, however, is not the roads in the metropolis but those in the country round about and in the tributary district generally, the highways that helped the process of concentration so much in the period before the railroads.

Country
roads
during
town
economy

During the stage of town economy, roads were locally constructed and locally cared for, except such as were built for military purposes. The former were good or bad according to the policy of the town or village, the monastery or noble, chiefly concerned. Bridges were few in number and river fords both common and dangerous. The roads built for military purposes whether out of ancient Rome or out of medieval London were straighter and more solid than purely local highways, and have lasted for centuries. An old proverb runs: All roads lead to

Rome. In England they led to London, and in France to Paris. This concentration, in large part originally for non-economic purposes, greatly aided metropolitan development in Europe, and helped to decide that Paris and London should be metropolitan centers, not only in a political but an economic sense; for, over the same road that troops went to hold various parts of the realm in obedience or to meet an invader, the pack horse, the cart, the wagon, and the coach could also go. 1550-1850

When trade began to concentrate in a few great centers, it became larger in volume than ever before. Specialized carriers, "common carriers" as they were called, increased in number, so that it was easy to hire some one with a cart or wagon to transport wares. The development of the post office, first for official and later for commercial purposes, put new demands upon the roads. These new conditions were met in England in various ways. Laws were passed to help improve the roads. In general, the local units, especially the parish, were called upon to construct or repair the highways. And often in this legislation we see how clearly the people recognized that the roads were overtaxed, notably in the common provision in the laws that the wheels of wagons should be wide and that the load carried should not exceed a certain amount.⁴⁵ Roads in the metropolitan hinterland 16th cent. Stage-coach after 1600 1555 f. 1662-1835

By means of turnpikes, old roads were made over and kept in repair. To some person or group of persons, the privilege of repairing the road was given, in return for the right to collect a toll from those who used the road. The first turnpike in England was in the north on the way from London to York, and the second from London to Colchester. In the United States the earliest was from Philadelphia to Turn-pikes Turnpike Act, 1663 1696 1792

Lancaster, the first lap on the important highway to the West. Although these turnpikes were far from being perfect roads, they nevertheless afforded great relief to traffic and indeed displayed considerable advance in highway engineering.

Work of
highway
engineers

John
Metcalf
(1717-
1810)

Yorks.
about
1765

1792

After the need for better highways had been felt for more than two centuries, and after turnpikes had been built for about two generations, there arose a group of road engineers who solved many of the problems of highway construction. The first of importance was John Metcalfe. Blind at the age of six, he nevertheless led an active life, as a horseman, hunter, and traveler. After years of experience as the owner and driver of a stage wagon, he undertook the building of a short stretch of road in the north of England. Before he had finished, he had constructed about 180 miles of highway, all in the northern part of England. Much of his work was on crossroads which had been neglected in favor of the great metropolitan routes. His plan of construction was simple and adequate for his day. Instead of leaving the road low in the center, he made it high tapering off into the ditches at the side. After laying a firm base, he saw to it that the surface was smooth.

Thomas
Telford
(1757-
1839)

Thomas Telford also began his work in the north, one of his important lines being from Carlisle to Glasgow. Later he was employed on the road leading from London to Shrewsbury and Holyhead, used by the Irish representatives when attending parliament. But most of his work lay in Scotland in the building of both roads and bridges. He always emphasized in construction a heavy base or foundation. For the light vehicles of his day, this was heavier than was necessary.

Best known of all was John L. Macadam, who

learned road making in Scotland, and perhaps a little in Pennsylvania. His work was confined first to Scotland, then to the area about Bristol, and finally to the district around London. He was made surveyor-general of the metropolitan turnpike roads. Here he, and after him his son, did yeoman service in making the roads really able to bear the increasing demands put upon them. He built a lighter road but one well drained and able to stand the traffic as well as Telford's.⁴⁶

John
Macadam
(1756-
1836)

Over these improved roads went provisions and other commodities in great numbers. Some of the highways were merely feeders for the seacoast trade. Even eggs were shipped by roads, from Scotland and the north of England to Newcastle, whence they went by steamer to London. So far had the highways in England been improved before 1800 that a plan was drawn up to supply the metropolis with fish, by land carriage even from distant seaports and rivers.⁴⁷

Com-
mercial
result of
highway
improve-
ment

In America we find the same general trend in highway development as in England. The local roads were locally constructed and maintained. The important highways were at first just Indian trails widened and worn by traffic. We may note five sets of these main thoroughfares, not all entirely distinct one from another. From New York City there ran a road to Albany (Greenbush) and from there on to Fort Schuyler in the Mohawk Valley. A road ran from Philadelphia to Albany and from there, of course, over the same line to Fort Schuyler. Accordingly, both Philadelphia and New York had access to the fertile valley of the Mohawk. Baltimore had a road running westward to the Monongahela, and Philadelphia one going to Pittsburgh, so that these

American
highways

Up to
1787

two towns had connections with the Ohio and Mississippi Rivers. Both Philadelphia and Baltimore had roads running to Winchester, Va., and from there on through the Cumberland Gap to Lexington and Nashville, and to Louisville. By this route both the Ohio and the Mississippi Rivers were open to immigrants and traders. In the South the towns of Savannah, Charleston, and Augusta had roads running northward. And parallel to the Atlantic, but often far inland, was a route that connected Savannah, Charleston, Richmond, Baltimore, Philadelphia, New York, and Boston.⁴⁸ Thus we see that towns, all later ambitious of becoming great centers and some of which finally attained metropolitan proportions, had early laid broad foundations by constructing a system of highways.

17th and
18th cen-
turies

French
and
Prussian
highways

1845

Revived
interest
in high-
way im-
prove-
ment

About
1900

About
1911

In France excellent highways were constructed at the same time that England was remaking her roads. As we have seen, they centered in Paris. In Germany activity began somewhat later, in fact about a century later, first in the south and then in the north. Indeed, the important era in Prussian highway construction began about the middle of the 19th century when England, America, and France were putting all their energies into railroads.

In the 20th century, long after our interest has shifted from highways to other means of transportation, notably the railroad, we have now once again been compelled to consider the highway and its improvement. This has been necessitated by the use of motor vehicles, at first the passenger car, and then the motor truck. For the former a very smooth surface is required; for the latter a smooth and a hard surface and perhaps a solid foundation.⁴⁹ Macadam's method of roadbuilding will meet only one of

the needs of the motor truck, a smooth surface. On providing for the needs of the truck depends the more complete development of metropolitan transportation, not only in the metropolis itself, but in the tributary area, especially in those towns that have no other means of transportation except by highway. Men were somewhat impressed with the value of motor trucks when France used a fleet of them to convey her archives and offices from Paris to Bordeaux during the late war, but their full value cannot be appreciated until the highways are improved. Our liveliest imagination at present makes them little more than auxiliaries to railroads. 1914

The construction of barge canals, not railroads, followed improvements in highways. In the 17th century two proposals were made to connect London with Bristol by canal, thereby cheapening transportation between the metropolis and the west. These early projects were premature: the canal was finished only at a much later date. It is interesting to note that the cost of the final survey was borne chiefly by some wealthy merchants of London.⁵⁰ Early canal projects around London 1655, 1677 1789

Canal building in England really began in the north, where highway improvements were also first worked out. Early in the 19th century there were two projects to connect the Trent (Hull) with the Severn (Bristol) by canal, and the Trent with the Mersey (Liverpool). The first canal of the period having any economic importance was constructed for the Duke of Bridgewater by the illiterate engineer, Brindley. This, the well-known Bridgewater canal, ten miles in length, was built to bring coal from the Worsley mines to Manchester. Then came the Manchester-Liverpool canal also constructed by Brindley for the Duke of Bridgewater.⁵¹ Canals in northern England 1761 1776

Author-
ized
1778-1812

Canals
around
London

About
1835

18th and
early 19th
centuries

Early
19th
century

Finished
1803 or
1804

Canals
near
Boston

Import-
tant
American
canals
1825

Canals in plenty were built with London as the center⁵², though only the Grand Junction, running to the northwest, was of great importance. Construction went on rapidly in other parts of England, so that one can say that there came to be three important focal points for canals other than London: Manchester-Liverpool, Bristol, and Hull.⁵³ All of these places at this time were tributary to London, maintaining their connections with the metropolis by sea as well as by inland routes. Accordingly, we may regard the whole network of canals, whether centering directly in London or in Manchester-Liverpool, Hull, or Bristol, as belonging to the metropolitan transportation system of London. But later, when Manchester-Liverpool gained an independent standing of its own, a separation took place. In due time Hull also may become a metropolis and even Bristol, and then a further split will occur, if canals are still in use.

In America the first canal of any size or importance was the Middlesex Canal, twenty-seven miles long, connecting Boston with the Merrimac River.⁵⁴ It was the misfortune of Boston to have all the navigable rivers run directly to the ocean and not into her harbor. Accordingly, it saw trade go up and down the rivers and the coast, without the concentration that its merchants desired. The Middlesex Canal did something to bring trade to Boston, but not very much, as events proved.

We are more concerned with the through canals in America than the purely local ones. Their history begins with the completion of the Erie Canal, running from Troy on the Hudson River to Buffalo on Lake Erie, and to Oswego on Lake Ontario. New York City, before this canal had been completed,

had the advantage of the navigable Hudson, reaching far to the north, but now it could send its freight by way of river and canal to Lake Erie and even to Lake Huron and Lake Michigan. The construction of canals from Lake Erie to the Ohio River, the first from Cleveland to Portsmouth and the second from Toledo to Cincinnati, opened up the Ohio Valley to New York City. The Illinois Canal, from Lake Michigan at Chicago to the Mississippi River, opened another part of the Mississippi Valley trade to New York. And finally, the Northwest was reached by water from New York when the Sault Ste. Marie Canal was completed. The work of the financiers, engineers, and laborers in constructing these canals compares favorably with the work of cabinet ministers, generals, and soldiers in extending political boundaries.

New Orleans was the only other town in the United States that had inland water connections comparable with New York's. But as the 19th century neared its close, traffic on the Great Lakes was increasing while on the Mississippi, the Ohio, and the Missouri, it was relatively decreasing.

So great a prize was not to be left to New York's undisputed possession. Boston planned a canal to Albany, so that it might share the trade opened up by the Erie Canal. But it found that Massachusetts' hills could be climbed better by a railroad than by a canal. The road now known as the Boston and Albany gave to Boston opportunities similar to those of New York. Philadelphia had a mountainous hinterland to contend with but succeeded in constructing a combined canal-and-rail route to Pittsburgh, thereby getting a stronger hold upon the Ohio Valley. It actually finished an all-canal route to Pitts-

1832

1845

1848

1855

New
York's
water-
ways vs.
New
Orleans'

Metro-
politan
rivalry
seen in
canal
building

1842

1834

- 1852 burgh, but this was not ready until an all-rail route had been constructed. Baltimore, hoping to share with other growing metropolitan centers, the trade of Ohio and the other states nearby, sought a canal,
- 1853 but had to be content with a railroad.

Object of building canals We must not think that all these canals were planned and constructed by the metropolitan centers concerned, though their citizens were heavy contributors. Most of them were built by the states, the citizens of which hoped to sell their wares in the metropolitan centers on the Atlantic coast. The people of Ohio in 1830 had only one market for their heavy produce, New Orleans. By 1842, however, they had Boston, New York, and Philadelphia, and by 1853, Baltimore as well.

Failure of canals Great as had been the hopes and expectations of individuals, towns, and metropolitan centers, the canals, constructed so feverishly and at so great an expense, were on the whole a failure. They have been gradually superseded by railroads, though some of them in both England and America are still in operation. In France and Germany they are of much more importance. The railroad has four outstanding advantages: it gives continuous service throughout the year, while the canal freezes up in the winter; it is much more rapid than the canal; it can be built over uneven and mountainous ground more cheaply and operated more successfully than the canal; and in most cases, without unloading, it can bring merchandise nearer to its destination than can the canal.

1825-29 Although a railroad between London and Birmingham was talked of at an early date, none was constructed till after lines had been built in the north. The first improved highways, the earliest English canals of importance, and the first railroads were

Rail-roads in northern England

constructed in the north, not independent of the metropolitan organization of London but as part of it, for two of the short lines earliest constructed, the first running between Liverpool and Manchester and the other between Liverpool and Birmingham, were but adjuncts to the ocean or coast trade which centered in London. And yet these railroads were constructed at a time when Manchester-Liverpool was gaining a measure of independence and were ultimately to play a great part in building up the rival metropolitan organization of the northwest. Following the London and Birmingham line came a veritable network of railroads with London as the center, a network so fine that scarcely any places of importance were omitted.

To the towns, large and small, these railroads brought from the seacoast fresh fish, hardly known before, and from the metropolis luxuries and food that it could not at once consume. To the metropolis the railroads brought supplies, not only from a somewhat wider area but also from an area more completely exploited, an area which had already learned to commercialize its agriculture to cater to the needs of town economy, but which under metropolitan economy greatly extended the process. In short, the influence of the growth of the metropolis, and of its impelling demand for food from the hinterland was reflected in agricultural changes of great moment. Towns under town economy had pointed the way to the improved use of the land through the enclosure of scattered peasant holdings; the metropolis did much more to help modify and change methods of production so as to bring about a larger surplus to supply the metropolis with food and to provide commodities for export.

1830

1837 f.

Railroads
affect
all parts
of the
metro-
politan
unit

Railroads
affect
both hin-
terland
and ex-
tended
trade
Before
1856

Royal
Danish
Railway,
1854

The railroad was used to develop the hinterland by making possible rapid and cheap transportation. It brought poultry and game from Lincolnshire to London, fish from Yarmouth and Lowestoft, and cattle from the Midlands. London was not content, however, with the limited supply of her own area. She threw out her tentacles to draw into her market places and shops French eggs, Irish pork, Dutch butter, and Danish cattle. To secure the last-named, an English company was formed. It built docks at an English port, established a line of swift steamers, and constructed a railroad from the seacoast into the heart of Denmark.⁵⁵ Some of these tentacles later became great arteries of inter-metropolitan trade, such as the lines between London and Manchester-Liverpool and between New York and Chicago. Indeed, in thinking of the railroad as a means of furthering the trade of the hinterland we must not forget its contributions to the traffic between metropolitan systems.

1832
Railroads
around
Paris

1842

1857

In France the first locomotive on a railroad ran on the coal line between St. Etienne and Lyon. Within five years, railroads radiating from Paris in four directions, were discussed. And soon a national program of railroad construction was drawn up with Paris as the center for all lines, except the southern. Six big companies finally operated six sections of a network, much as they exist to-day. Paris, like London, and we may add Chicago, is the stopping place for railroads. They run into it and out of it but not through it. This fact makes the business of transshipment, quite apart from the sale of goods, a matter of importance.

1830

The era of railroad construction in New England began fairly early but none too soon to save Boston

from sinking into comparative insignificance. Boston had no Hudson River and no Erie Canal. It was a seaport driving a brisk trade with various lands far and near, but its extended trade could not expand any or much farther without development of the hinterland basis of supply. In other words, the tree of extended commerce had not taken deep root in the soil of hinterland trade. The railroad came to the rescue of Boston and turned the pessimism of the Yankee town into optimism and new activity. Soon Boston was connected with Lowell, Providence, and Worcester. Wider rail connections were made as soon as possible, with Albany and the West, and with New York City. Before the Civil War broke out the network was substantially complete. Boston could boast of six lines to the West all independent of her great rival New York.⁵⁶ And soon its boast was even louder that it was unsurpassed among Atlantic ports as a converging point for railroads.⁵⁷

Boston
railroads

1835

1842

1849

1855

1880

The story of railroad construction around the other metropolitan centers in America is similar to that of Boston. No matter whether the lines received state or federal aid, whether the capital was American or foreign, whether the lines were constructed locally to join town with town, or whether the engineers were metropolitan in outlook, the result was all the same. Ultimately, the lines formed networks round about the metropolitan centers which they were helping to create. A study of the railroad guides, Moody's or Poor's, shows how markedly this has taken place, and an examination of the names of the roads themselves shows that the officials were not slow in seeing the importance of metropolitan concentration. New York has its New York Central and Hudson River Railroad to Buffalo and, by means of controlled lines,

Metro-
politan
railroad
nets

through to Chicago; its New York and Erie to Lake Erie and beyond; its New York, New Haven, and Hartford to Boston; and so on. Similarly with Philadelphia and Baltimore. But the most outstanding illustration is Chicago which is the focal point for so many lines, perhaps a score, bearing the word Chicago in their official titles.

Railroad
builders

Most of the men who backed the construction, and later the consolidation of these lines, were humble citizens of their communities who hoped to gain more from their business through better railroad facilities and perhaps to receive dividends from the railroad stocks that they purchased. Only a few railroad magnates are well known. The Vanderbilts and Goulds of New York, and Hill of St. Paul, are perhaps the most widely identified with railroad construction and consolidation, though Morgan and Harriman stand hardly second because of their activities in railroad finance.

Steam-
ships

1807

The same mechanical power that made the railroad a success made the steamship possible. After steam had demonstrated its power in stationary engines, it was used in steamships and locomotives. Although there had been more or less successful experiments made with steamboats before the *Clermont* started from New York to Albany, none was followed by the establishment of regular traffic. For a period in America these steamboats were successful as ferries and on rivers where the current was not strong, but it was only after 1816 that they were powerful enough to ascend rapid currents. Their usefulness was then demonstrated, and at that time began the era of steamboating on the Mississippi—described by Mark Twain—and of course on other rivers. The American ship *Savannah* has the credit

of being the first to use steam in crossing the Atlantic, 1819 but it was chiefly a sailing vessel and was shortly afterwards made over as such. Vessels seeing the smoke issuing from the *Savannah* thought it on fire, and, it is reported, a British man-of-war actually sent a boarding party to extinguish the flames. The Canadian *Royal William* and the British *Great Western* and *Sirius* demonstrated the possibilities of transoceanic traffic by steam. As these and later improved ships came into the harbors they were enthusiastically received. Their home ports were proud of them and took an interest in them perhaps even greater than that of Southampton in the *Oceanic*, Liverpool in the *Mauretania*, and New York in the *Leviathan* in 1921 our own day. In due time the wooden ship gave way to the iron, and that to the steel; and the side wheels to the screw propeller, in all of which the British were the leaders. Not in all cases the inventors of these improvements, the British were nevertheless the first to use them on a large scale. And to this is due in part at least their maritime dominance in the world today.

In the establishment of transatlantic service, advantage was taken of the larger and more continuous trade between metropolitan centers. It is evidence of the growing importance of Liverpool that the *Savannah* and other early steamers went to that port and not to London. Of course, it was the American trade which was largely responsible for the development of independence in the northern metropolis, Manchester-Liverpool. The other outstanding port in Great Britain was Glasgow.

At the same time that the steamship was demonstrating its superiority in speed, economy, and reliability, over the sailing vessel, there were formed transatlantic lines in great numbers, each operating

Steamships and inter-metropolitan trade

Atlantic lines connect metropolitan marketing systems

a fleet of ships and directly or indirectly linking up the great metropolitan marketing systems of the world. The early British lines were the Cunard, Inman, Allan, Anchor, and White Star. The chief German lines were the Hamburg-American and the North German-Lloyd. The chief French was the Transatlantic. There had been transatlantic lines before the days of the steamship, but they were not generally successes. Before the American Revolution the Falmouth Line had begun, running from Falmouth, England, to New York. After the Revolutionary War a French line had been established with monthly sailings to New York. It failed because America's trade remained with England even after the War of Independence. The Black Ball Line of packet ships, formed to connect Liverpool and New York,⁵⁸ was apparently the first American company to have met success before the time of the great British lines.

The parcel dispatch service must not be omitted in any consideration of means of transportation in the metropolitan period. Although it made use of the improved highways, the railways, and the steamships, it nevertheless antedates them all. In Austria and France, packages had been carried by the post office at a relatively early date, but the parcel post so important in our day was not instituted till much later, in Hungary in 1850, in Germany in 1871, in France, Italy, and the Netherlands in 1881, in Great Britain in 1883,⁵⁹ and in the United States in 1913. In most countries there are private express companies carrying packages. In America, Harnden established a parcel post service between Boston and New York; a little later Philadelphia and Albany were added; then Buffalo, Chicago, Cincinnati, St. Louis, and so on till the Pacific Coast was finally reached.⁶⁰ Al-

1840-71

1856, 1859

1863

1816

Parcel
dispatchAbout
1650

1839

1840

1858

though Harnden began carrying the packages himself, usually servants were employed. As soon as possible railroads were used instead of coaches. Harnden was anxious to develop the express service between America and Europe at the very time that others were turning from the foreign to the more profitable domestic trade. Accordingly, it was to be expected that sooner or later Harnden's business would be surpassed by that of others. In fact, it was merged into the Adams Express Company, which in turn joined three other concerns, under the guiding hand of the government, to form the American Railway Express Company.⁶¹

1854

1918

The express company and parcel post have greatly aided metropolitan concentration. Retailers in small towns are able to get a steady supply of goods in small quantities, so as to save in the amount of capital invested in goods and storage space. But these same retailers, notably in America⁶² and Great Britain, look upon the parcel post with no friendly eye when they see it used by their customers to purchase goods from the big mail-order houses in the metropolitan centers. If such a business should develop to its logical conclusion, the dependence upon the metropolis of individuals located in the hinterland would be more and more direct.

Parcel
service
and
metro-
politan
mar-
keting

Important as has been the work of the private express companies, it has been the post office that has made parcel dispatch cheap and within the reach of all, whether in town or country. But apart from its service to parcel dispatch the post office has played an important role in metropolitan concentration, especially in the transportation of letters, newspapers with their commercial news and advertisements, and trade circulars.

Post
office and
metro-
politan
mar-
keting

- The post office has had a long history. In the ancient period it was maintained by kings and emperors for political purposes only. In the Middle Ages, courts, monks, towns, knightly orders, universities, and craft guilds, had messengers for their own correspondence. At first the official post offices in western Europe carried only government dispatches, but gradually they were opened to private correspondence and small packages. A nobleman was appointed to the position of imperial postmaster, an office which was made hereditary in the family. This was by way of reward for long and faithful service in making the post office international (between Germany, the Netherlands, Spain, France, and Italy), and for developing it into a public service for the use of all.⁶³
- General development of the post office
- Prince of Turn and Taxis, 1595
- 1509 In England there was a Master of the Posts at an early date. The post from two important centers, London and Antwerp, took about four days—that is, by horse and boat. Private agencies were prohibited from carrying the mails, so that the government had a monopoly. At this time the merchants of London were using the post office and took occasion to express their satisfaction with the service one of the officials had rendered them.⁶⁴ Arrangement was at length made whereby private letters would be carried at a fixed rate, so that at this point we may regard the post office as finally and definitely a public service in England.
- English post office 1550
- 1637
- 1637
- 1638
- 1837
- 1883
- 1509-1784
- 1784 to 1830's
- Money orders were taken over by the post office and, as we have seen, the parcel post service. At first the post office used post horses, then for a period the mail coaches, driven rapidly over the improved highways, and finally the railways. It is impossible to estimate the influence the post has had in the direc-

tion of commercial concentration in London.⁶⁵ For a long time that was the only center of the service, and of course, it has always remained overwhelmingly the most important focusing point. The metropolitan merchant, shipper, broker, banker, could write to his agents, send them money and parcels, and receive replies and corresponding returns in goods and money in a short time.

London
as postal
center
To 1741

In America the post office has developed in some respects the same as in England, in other respects differently. It was different in so far as it grew up locally in the various colonies, centering in Boston, in Philadelphia, and so on. In due time there was appointed a single postmaster for the American colonies. Benjamin Franklin, who had been the postmaster of Philadelphia, and one of the deputy postmasters for the colonies, became the first postmaster-general of the United States. Following such reforms as the introduction of adhesive stamps, prepayment of postage, the elimination of the element of distance in postal rates, and especially the reduction to two cents, of the cost of sending the average letter, the post office has gradually grown in service and popularity.

Post
office in
America
1639

About
1692

1775-76

1847, 1855

1863

1883

As the metropolitan centers developed in the United States, the post office inevitably swung into line, partly as cause and partly as result. In this system state boundaries are neglected except as a convenience for addresses, but concentration of postal service in the large cities of the North and West is increasing more and more. Between these centers a very rapid service has been established. So pressing is the need for speed that an air route has been arranged between New York and Washington, New York and Cleveland, and Cleveland and Chicago (and

American
post
office and
metro-
politan
service

even on to San Francisco), cutting the time of transportation by from one-half to two-thirds.⁶⁶

Tele-
graph

1833

Morse,

1836

1844

1845, 1848

1861

1849

1850

1858

1865

1866

Fast as such service is, the telegraph, cable, telephone, and wireless, have accustomed us to think of it as slow. The telegraph, a German invention, has been made practical by an American. The first telegraph line in the United States was built between Washington and Baltimore by federal aid. Private initiative soon hastened to link up the large cities, New York to Philadelphia, New York to Chicago, and finally to the Pacific. The first practical cable was laid in a German harbor, and soon one crossed the English channel connecting London and Paris, and then the Atlantic was spanned. The first Atlantic cable laid between Ireland and Newfoundland soon played out, and the second one snapped, so that about eight years elapsed before the (third) cable was in final operation.⁶⁷ At the same time that Paris, London, and New York, and other metropolitan cities were being linked up, their respective tributary districts were being spread with a network of wires.

Tele-
graph
and
metro-
politan
economy

As in the case of all other means of transportation (whether of goods or ideas), concentration of the telegraph and similar services took place in the large centers. A mistaken theory makes the telegraph the creator of a world market. It has created world marketing potentialities, but that does not mean much. It strikes the imagination when we think of news, commercial or otherwise, being flashed from Paris to New York, Hongkong to London. The daily fluctuations on the Liverpool cotton market are reflected on the New York market; and of the Chicago wheat market on the London market. All this simply means a better organization of inter-metropolitan trade. A juster view would be that these improved

means of transportation help the intra-metropolitan trade as much as they do the inter-metropolitan. Soon after being established in England, the telegraph was regarded as a means of diffusing knowledge of the state of trade in all parts of the country and as specially helpful when London had more perishable foods than it could consume, foods which perhaps Birmingham and Sheffield needed badly. With the incoming of the telegraph we may truly say that the metropolis had become more than ever before the nerve center of modern commerce.

In contemplating the convenience of modern transportation, its rapidity, cheapness, and certainty, we often forget one aspect of deep significance. These new services, these common carriers, of foods or letters, of wares or messages, leave the merchant and others free to specialize in their main lines of business. The common warehouseman stores the merchant's products, the common carrier transports them, the banker oils the machinery of commerce, while the merchant or manufacturer devotes all his capital, energy, and special skill to his one line of work. Such specialization is the very stuff of which metropolitan economy is made, and is to be compared with the earlier division of employments between retailer, jobber, wholesaler, and manufacturer.

Although metropolitan economy may not be regarded as complete, it is nevertheless well developed, mature not finished, when transportation is well organized and when specialization of function has taken place between metropolis and tributary area and between merchant, manufacturer, warehouseman, carrier, and the like. We feel at this point that the economic methods and mechanical devices are sufficiently well established to permit in the course of a

Metro-
politan
speciali-
zation

Well-de-
veloped
metro-
politan
organ-
ization

few generations the development of metropolitan economy in all parts of the world where the physical features will allow it. Inland centers are no longer under the insuperable handicap that they have suffered from in the past. Although it is still probably true that every well-developed metropolis is situated on navigable water, nevertheless, the future may have a very different situation to present.

Summary
for
London,
1830-90

At this point we may briefly review the transportation phase of London's metropolitan development. The period we may place roughly at about 1830-1890. Although much earlier than this, there had been efforts at highway regeneration, and although the post office had been established, first for government service and later for public use, in both cases centering in London, although stage coaches ran from London to all the important towns, and although there had been real improvement in transportation by means of canals and better constructed highways, nevertheless the real beginning of the third phase came with the railroad era. At first built in the north, the railroads really supplemented the trade with the metropolis in so far as they connected inland points with the coast trade centering in London. Soon practically all the important railroad lines focused on the metropolis. This meant that the hinterland was truly bound to the metropolis by bands of steel, the rails of the new roads. Contemporaneous with railroad construction came the building up of over-sea traffic on a new and regular basis by means of the steamer. We may say roughly that what was done for London's hinterland trade by the railroad was done for its extended trade by the steamship. The two, of course, are but parts of the same mechanism. With Sheffield cutlery, Lancashire cottons, and York-

shire woollens, London could buy American tobacco, Canadian furs, East Indian spices, and China tea. By means of the post office, telegraph, telephone, and cable, London has been linked with its hinterland and has kept in close touch with much of the rest of the world.

That this high state of metropolitan development should be reflected in a new national economic policy is to be expected. That the groups of persons responsible for rapid transportation, large-scale manufacture, and wholesale trade should come to champion this new policy is inevitable. The policy itself is commonly called *laissez-faire* or economic liberalism. The fact that it bears both a French and an English name testifies to its more or less independent development in both countries.

National
policy of
*laissez-
faire*

18th
century

In this policy of economic liberalism or economic freedom, metropolitanism came into its own, so that, all the adjustments of the first two phases of metropolitan economy having been made, there could be an untrammelled development of purely economic life. Commercialism was to reign supreme. International commercial considerations were to be uppermost. The national boundaries like the national prepossessions having been reduced to a minimum, the way was cleared for the growth of inter-metropolitan and intra-metropolitan trade. Since industries had been well developed and trade had been widely extended, monopoly was no longer necessary or advantageous. It was to be expected under such circumstances that the work of the manufacturer and of the middleman would be fully appreciated because complete reliance, under the regime of economic liberalism, was to be placed upon these private business men to supply all human material wants on their own initiative. First

Metro-
politan-
ism and
national
policy
coincide

understood perhaps by the magistrates of the metropolis, this public service came to be carefully formulated by economic theorists⁶⁸ until it became the dogma alike of schoolboys and statesmen: *laissez-faire* or let do—let the entrepreneur go ahead and plan and execute, for in serving his own best interests he will best serve the public.

Third
phase of
metro-
politan
economy
invites
*laissez-
faire*

1776-1860

1850-70

1840-60

When the third phase of metropolitan economy has been reached by any metropolitan unit, there is a powerful argument for the *laissez-faire* system, unless there are special factors working in the opposite direction. When this phase has been reached, the marketing system is already well organized on a wide basis; the manufactures have progressed so far that they have little fear of competition; and the elaborate system of transportation calls for more complete utilization of existing facilities. England was the first to reach this phase and to develop the *laissez-faire* system. Then came France with other countries following wholly or in part. In America the movement towards freer trade was strong in the age of improved highways, canals, steamboats, and railroads.⁶⁹ It died out there when the chief concern became the development of new metropolitan units far inland from the Atlantic coast and when the great expense incurred during the Civil War seemed to make necessary a tariff for revenue purposes. In other countries, too, there has been a partial retrogression to mercantilism under the name of protection. France has gone back because her products, not being staple wares, cannot successfully compete with those of other countries. And France and other countries have given up their *laissez-faire* system at least in part in order to be self-sufficing and strong politically or to raise a revenue from customs. Even England

under the cloud of an exclusive imperialism has been threatened with a return to a protective system. All this illustrates the fact that purely economic considerations do not long stand unchallenged by political forces.⁷⁰ If nationalism and imperialism ever dissolve, then free trade, the policy of the well-developed metropolitan unit, will likely prevail in the world.

42. FOURTH PHASE: DEVELOPMENT OF FINANCIAL ORGANIZATION. It is to be expected from the nature of things that the metropolis will develop its financial resources to the limit, to care for both the extended and the hinterland trade, the inter-metropolitan commerce and intra-metropolitan commerce. As the general organization of the market is completed, the manufactures developed, and transportation facilities built up, a metropolitan financial system is constructed, but the full measure of growth in metropolitan finance comes later and may be said to constitute a fourth phase in the evolution of metropolitan economy.

At first sight it might appear that there is no solid reason for speaking of a financial phase of metropolitan economy as distinct from the other phases. It might be claimed that banking is but the handmaid of commerce and when we have treated of commerce (including here general market organization, manufacture, and transportation), we have finished the story. But this would appear not to be the case, for banking is itself a great power in the land, helping to create as well as supplementing the business of commerce. Once banks have arisen to aid in the exchange of goods, they can in turn profoundly affect that exchange—not against the tides of business needs and local capacities but within those needs and capacities. The influence of capitalists and

Financial development begins early but matures late

Question of a separate financial phase

money middlemen is often taken as the distinguishing mark of our present economic organization. These two classes, capitalists and money middlemen, do not simply loan and then stand aside, but they suggest consolidation, retrenchment, and expansion. In short, they direct an increasingly large share of the general business operation within the hinterland and outside.

Date
of the
financial
phase,
London,
1890 f.

When this financial influence becomes sufficiently distinct to justify our isolating it and marking off a new phase is, of course, a matter of opinion. We of to-day are so near to the event that our judgment is not so good as that of later generations. Something is to be said for the year 1890 as a rough approximation to the beginning of the financial phase of London's development. The transportation phase had practically closed, as far as railroads were concerned, and nothing else in transportation showed more than promise. The banking capital of the metropolis from about 1890 onward was increasing more rapidly than that of the provinces or hinterland. It took the war of 1914-18, however, to bring to a head some of the forces long under way, especially the conscious active encouragement of business in both extended and hinterland trade, forces which were already well developed in Germany. In order to understand this growth, it is necessary to go far back into the subject, for the roots of the financial present lie deep in the historic past.

Money-
changers
and
banks

There had been in the stage of town economy individuals and families of great wealth. Some of them engaged in changing money—giving one coin for another—an English for a French coin, for example. But the tendency for them all was to loan money because the returns were large. A Jewish money changer would readily take to lending money; also

an Italian merchant, and numerous indeed are the distinguished Florentine mercantile money lenders. But in the growing towns, those that promised to become metropolitan cities, or actually developed into metropolitan centers, the business of handling money went one step farther. Banks were formed to receive people's money and to give it out, either to pay the debts of a depositor, or to loan at interest. In such flourishing towns and incipient metropolitan centers as Venice, Genoa, and Amsterdam, we find not only money changers and merchants receiving and loaning money but specialized private bankers, and also great public banks. But we are most interested in London because it is in that city that we can trace financial developments to the fullest extent.

Sir Thomas Gresham, with whom we associate Gresham's law, is an example of an early London financier. He was a mercer, shopkeeper, merchant exporter and importer, financial agent of the crown, and, as we have seen, founder of the Royal Exchange and of Gresham College. He also loaned money, perhaps even received some from friends or customers to loan. His place of business was at the Sign of the Grasshopper in Lombard Street.⁷¹ A hundred years later, not merchants but goldsmiths, constituted the chief money dealers in London. At one time there were forty-four goldsmiths carrying running cashes,⁷² or deposit and loan accounts. They received money at a low rate and loaned it at a high rate. And yet we do not find that these, merchants or goldsmiths, were specialized bankers. Banking to them was but one of their functions—as in the old days of town economy.

Messrs. Child and Company,⁷³ originally goldsmiths, seem to have been the first out-and-out bank-

Sir
Thomas
Gresham,
about
1519-79

1645 f.

1677

17th
century
or earlier

1673 f.

Private
banks in
London

ing firm in London. Child and Company, as well as Messrs. Hoare and Company, exist to-day. Although private banks met a great need, they did not have smooth sailing, if we may judge from the number that failed and passed out of existence. The business of these banks was to receive deposits, make loans, issue bank notes, and discount bills of exchange.

Bill of
exchange

The bill of exchange is closely bound up with metropolitan development. It is simply a draft or call made by one dealer against another for a sum of money to be paid within a short time, say two or three months. If the dealers are honest and well known, the bill of exchange is a very desirable bit of commercial paper. It may circulate as money till the date due; it may be discounted by a banker (or bill broker) who will hold it until due and then demand payment; or it may be made the object of speculation.

Ancient
period
and 13th
century f.17th and
18th cen-
turiesLondon
and Paris
as bill
markets

The first bills of exchange were foreign bills in the stage of town economy. They were drawn up to settle an account between a foreign importer and a domestic merchant and were usually payable at some fair. But as town economy gave way to metropolitan economy, another kind of bill gained prominence, the inland bill of exchange. London and Paris became important markets for the settlement of such bills which represent sales of goods made not in international but in domestic trade. Of course, we are not to conclude that the foreign bill of exchange ceased to be used. It has continued to the present to be a vital factor in international trade. Two classes of dealers handle these bills in London, the "foreign brokers" and the "bill brokers," the former dealing in foreign bills of exchange, the latter in domestic. These two typify the two kinds of trade,

the extended and the hinterland. The goods that entered or left the metropolis, whether in the extended or the hinterland trade when not paid for in cash, were usually settled by means of bills of exchange.

The bill of exchange has been of immense help to both extended and hinterland trade. In the Middle Ages it enabled an Italian merchant selling fine cloth on credit to a draper, say, of Bruges to realize at once on his sale. He drew up a bill stating his debt and when it was to be paid. He himself signed it, so if his Bruges debtor did not pay, he would. Then he passed it off as money or discounted it with a money lender. In this way he did not have to wait till the Bruges dealer had sold his cloth and was ready to pay. He kept on buying and selling, and the bills of exchange kept on falling due and being paid. And so later, in metropolitan economy, an English cattle dealer could sell to a London butcher and at once discount the bill he would draw on the latter.

At the same time that the metropolis became a market for domestic bills, it developed the stock exchange. At first this exchange was for sale of goods and securities. The goods might be spices, gold, or other commodities. The securities might be certificates of government debt, bills of exchange, or shares of companies' stock. Side by side on the exchange there were merchants and brokers, traders and stockjobbers. Speculation in securities became so obnoxious to the merchants of the Royal Exchange in London, that something had to be done. After one very flagrant run of speculation the stockjobbers and brokers either found it politic to withdraw, or, according to another view, were actually expelled, from the Royal Exchange to 'Change Alley. Here

Service
of the
bill of
exchange

18th
century
onwards

Stock
ex-
changes

1698

London,
1773

Paris,
1724

1791

1792

New
York,
1817

Stock
exchange
and
credit

Specula-
tion in
London

right on the street or in the coffee houses, the speculation in securities took place, while the sale of goods continued in the Royal Exchange. After a time the dealers in securities left the street and coffee houses for a regular building of their own, the Stock Exchange. In Paris there had been a great deal of speculation on one of the streets, but no stock exchange for securities till one was founded by the king of France.⁷⁴ In New York there had been speculation on Wall Street before there was a stock exchange. The brokers then agreed not to buy or sell at less than a certain rate of gain to themselves. And finally, a regular stock exchange was organized.⁷⁵ Later, stock exchanges have been formed in other English, French, and American cities, and indeed in many parts of the world. They are found in centers of commerce which aspire to metropolitan proportion as well as in the metropolitan cities themselves. Only in the latter do they flourish or count for very much.

The stock exchange meant a more perfect market organization than had formerly existed. Securities of almost every kind could be sold at any time—at a price. These securities were bits of paper indicating in effect the indebtedness of some person, corporation, or state. While the general mercantile exchange characteristic of the first phase, was an organization for selling goods, the stock exchange was an organization for selling credit. When we reflect that much of our modern business depends upon credit—things to be done in the future rather than accomplishments of the past, we are aware of the importance of the stock exchange.

People associated manipulation of the prices of securities with the stock exchange, with speculation of all kinds, and with crises. Preachers and pam-

phleteers denounced brokers and stockjobbers and their evil deeds. Laws were passed to regulate their affairs. And there can, of course, be no question about the guilt of many. For instance, false reports were circulated about the death of a king to force down the value of the securities he had issued; rumors were spread that a trading company's fleet had been wrecked, in order to lower the value of its securities. Then when the price had fallen, some one would appear and buy up all the stocks or bonds of the person or firm in question. Such a buyer often had contracted to sell these securities, without really possessing any, and so when the date of delivery arrived it was to his interest to force down the price of the securities that he had to buy in order to fulfill his contract. Such a dealer was called a "bear," one who had sold the fur of the bear before he had shot the animal. The other type of dealer was a "bull," who sought not to depress prices but to inflate them (perhaps after the manner of the frog in the fable), for he had bought securities looking for a rise. These stock exchange animals came early on the scene and, of course, are still with us. One of the first of these speculators in London was Thomas Guy. The son of a lighterman, a bookseller himself, he opened an office in 'Change Alley. Here he bought seamen's tickets, or wages paid to the seamen in the form of government script. With the large fortune that he accumulated he founded and endowed Guy's Hospital.⁷⁶

England,
1697

About
1700
1643-1724

In America these stock-exchange operators began their period of great activity just after the Civil War, especially in dealing in railroad stocks. The most notorious were Daniel Drew, Jay Gould, James Fisk, and Cornelius Vanderbilt.

Speculation in
New
York

Crises

The public has been most aroused over stock-exchange transactions in times of crisis, and especially in times of panic. Periodically business has become inflated and then collapsed. The whole cycle—of prosperity, inflation, crisis (with or without a panic), and deflation—has occupied about ten years, more or less. It is essentially a matter of credit, banking on future events which seem auspicious until some one begins to fear that not everything hoped for will materialize. Then another has the same fears, and so on, each one hastening to sell his doubtful assets. One of the causes of fear is the uncertainty of business, which is so complicated in the metropolitan period that no one can be sure of the future. Hinterland trade is spread out over a wider area than local trade in town economy, and extended trade is farther flung than ever before. Dealers engaging in the trade of the commonest commodities often cannot feel certain about the affairs of others. It is no accident that crises begin in the metropolis, either in the incipient or in the well-developed metropolis. And it is no accident that has led America to devise machinery to stop their worst excesses (panics) by means of improved banking machinery with headquarters in the metropolitan centers.

1558 f.

1720 f.

1914 f.

Bank of
England

1651 f.

Among the securities that entered into stock-exchange activities in London almost from the first was the stock of the Bank of England. Long in demand, the Bank was founded only in 1694. A group of Londoners provided the government of England with a loan, and in return received a royal charter of incorporation and the promise of a large yearly interest on the loan. The government's promise was the basis of the bank's operations. People took its notes and deposited their cash with it on the

strength of this promise. If it had not been for the fact that it carried on all or almost all of the banking business of the government of England, we should be inclined to say that it ought to have been called the "Bank of London"—like the Bank of Amsterdam and the Bank of Hamburg. It is true that it discounted domestic as well as foreign bills of exchange, but the former were apparently for a long time of relatively little account and the rates high. It was a bank for Londoners to go to for help in the trade within the metropolis and in extended (or foreign) commerce. Until the 19th century it was not a great factor, at least not directly, in the local or intra-metropolitan trade of London.

In what has been said so far, there has been little about the concentration of the hinterland's capital in the metropolis. And yet at least from the time of the early joint-stock companies, country gentlemen, nobles, and clergy, had invested in London commercial securities. And when the goldsmiths received deposits, it was a matter of complaint that the hinterland was drained of ready money.⁷⁷ It is easy to understand the readiness with which the people of the hinterland took their surplus cash to the goldsmiths, and, we may add, to the private bankers of London. For the first time they had an opportunity of receiving interest on their money and also of getting it back practically when they wanted it. In other words, private bankers were money middlemen who stood in between the owners of the capital and the users of it. They concentrated it in London and loaned it to those who could use it. They seem to have paid about 6 per cent and to have received about 20 per cent for it, the difference being their profits.

Financial
concentration in
the metropolis

Late 16th
century

1668

Late 18th
century

Branch
banks
link the
hinter-
land with
the me-
tropolis

Some of the private banks of London established branches in the towns of the hinterland. Sometimes these branches were opened by a junior partner or even a clerk, it might be with not a guinea as capital or even not a farthing. The capital was nearly all to be raised by issuing notes which local gentlemen and merchants were induced—sometimes by a consideration—to keep in circulation. Then the branch would do a banking business with these notes as the basis, but in case local capital was plentiful and cheap the branch tried to concentrate funds in the parent bank in London.⁷⁸ More worthy London banks actually sent out capital on which to do business, but they too were commonly interested in getting deposits which they could use at headquarters. The establishment of these branches is indicative of the need for financial organization in the hinterland.

Bank of
England
and the
hinter-
land

1774 f.

1791-1811

1816-36

1834-72

That the Bank of England did not rise to the occasion and establish branches in the chief towns of the hinterland is a fact which is hard to explain. It had been advised to do so, soon after its foundation.⁷⁹ Scotch banks, after some failures, had set up successful branches. The First United States Bank had established eight branches in the chief cities on the Atlantic, the headquarters being at Philadelphia. And the Second United States Bank had opened branches in twenty-five towns,⁸⁰ which were generally speaking successful, the exceptions being those in the interior that drained the resources of the bank without offering much safe and profitable banking business.⁸¹ But in 1826 the Bank of England did finally open branches. Two of the three opened were later closed, and at least five were closed within thirty-eight years, but ten are doing business to-day, in the manufacturing and commercial towns of England.⁸²

The Bank of England holds the deposits of private customers and the reserves of the banks of England generally.⁸³ Indeed, it is the greatest single instrument for concentrating capital in London. In other words, it is no longer simply a bank for London and London's extended trade but for the hinterland as well.

Similarly on the Continent, the national banks have established branches. The government of France compelled the Bank of France to establish branches in every departmental town in the state. Outside of Paris, it has 582 branches and auxiliaries. The Imperial Bank of Germany has 488 offices. By means of this branch system there is a tremendous concentration of capital and credit in France and Germany.

Except for the Bank of England, there were no joint-stock banks in England until an old law making them illegal had been repealed. Three were soon established in towns of the hinterland. The London and Westminster Bank was the first (1834) to be opened in London, and it is one of strongest there to-day. The rapid formation of these banks in a short period, 118 within fifteen years, shows the deep-seated need for them. But recently they are amalgamating so that not long ago there were in England and Wales but forty-four left, and to-day the number is less than thirty. As they have become fewer, they have grown in resources, and what interests us even more, in the number of branches they operate. Recently a writer announced that one bank had even more than 600 branches, but to-day at least three London banks have more than twice that many, Lloyds more than 1600 in England and Wales, the London Joint City and Midland 1550, and Barclays 1500. Others state that they have branches and offices in

Branch
banks
on the
Continent

1857

1913

1913

1709

1826

English
joint-
stock
branch
banks

1827-42

1913

1920

1909

1922

every important town in England. In all, England and Wales now have nearly 8000 banking offices, including headquarters and branches. Five joint-stock banks, all with their central offices in London, own well over 6000 of these. Great is the financial concentration in London.⁸⁴

But it has not been simply a matter of banks located in the metropolis going out to establish branches in the hinterland: the banks of the hinterland have themselves turned to establish connections in the metropolis thereby furthering the concentration of resources. Although the first bank—private of course—to be established in the tributary area of London was set up probably in 1716⁸⁵ and the second in 1737, it is said that there were soon about a dozen, and at one time not far from five hundred. The country bankers, many originally merchants, immensely facilitated the trade of the hinterland by establishing connections in the metropolis. The usual practice was for a hinterland bank to choose some banker (at first private bankers and bill brokers, later joint-stock banks also) to do their business on condition that they keep with their agent a certain minimum balance. The aggregate sum of these balances must have been a large factor in financial concentration. Some of these hinterland banks proceeded to issue bank money based on the balances kept in London.⁸⁶ And there are amusing stories of sudden and secret visits of country bankers to London to get gold and silver to meet runs on their bank at home. Thieves found holding up such bankers particularly profitable, and London found the loss of the hard cash very trying in times of a general crisis. London kept the cash reserves of its area and when one of the banks in the metropolis holding these

Hinter-
land
banks
with
metro-
politan
connec-
tions

1750
1826

Late 18th
and early
19th cen-
turies

reserves failed, the notes of the country bankers were discredited.

It is the function of this banking system, not the structure of it, that is really important. By means of the balances held, the banks in the metropolis could discount bills of exchange coming in from different parts. The bills are always coming in and always being paid. Bills leaving London for the hinterland in the long run balance those entering it. But this is only part of the story. When a banker wanted to send money to another banker in the hinterland, he did so through his London agent. To-day he probably does so through a big joint-stock bank with branches in both towns, but with headquarters in the metropolis. We can say then that the London banks mobilized the capital and credit of the whole area. When agricultural towns had a surplus, the London banks transferred it to the manufacturing towns, and then back again when needed. It is, of course, apparent that great economy is brought about by the continuous and effective use of capital in this manner. A little goes a long way when it can be mustered where needed. The storage of fluid capital is much the same as the storage of merchandise. It can best be done in the metropolitan centers and from there be taken out for use where and when desired.

A similar development took place in the United States. Balances were kept in the banks located in the larger towns or cities.⁸⁷ At first this was merely a matter of convenience on the part of the "country" banks. The balances were used especially to meet demands made by the banks in the smaller towns on the banks in the large centers. Later, all urban communities were divided by federal statute into three classes, one central reserve city, a few reserve cities,

Metropolis mobilizes the capital of the hinter-land

Late 18th century f.

Concentration of reserves in America

1864

and a residue of non-reserve places. A certain per cent (60) of the reserves in the banks of non-reserve towns might be kept in banks located in reserve cities, sixteen to eighteen in number. And one-half of the reserves of banks in the sixteen cities might be kept in the central reserve city of New York. The reserves of banks in New York were to be kept in their own vaults.⁸⁸ In this way the reserves of American banks were pyramided in New York, so that it became a center for financial concentration comparable to London.

1887

1914

Federal
Reserve
system

The number of central reserve cities was increased to three, Chicago and St. Louis being included with New York City.⁸⁹ The Federal Reserve system provided twelve cities instead of three, in which reserves against deposits were to be kept. The whole of the United States was divided into twelve districts, each with a Federal Reserve Bank. Because of the fact that some parts of the country had not yet really reached the metropolitan stage, selection of a few centers that were not metropolitan had to be made. In fact, these few were relatively insignificant places, notably Dallas and Richmond. Each of the Federal Reserve Banks is a banker's bank, the capital being subscribed by the banks and the business being done for the banks (and the government). A certain amount of concentration was involved in the mere subscription to the capital of the Federal Reserve Bank, but the important aspect of the system is the rediscounting of commercial paper by the Federal Reserve Bank. The banks in the hinterland (or in the metropolis itself) discounting a note, a bill, or a draft, for a merchant, for a manufacturer, or at times for a farmer, can rediscount this at the Federal Reserve Bank of the district. There is practically no limit

to the amount that can be discounted, for Federal Reserve notes can be issued in vast quantities, provided that reserves of forty per cent gold are maintained against the notes issued. More important than rediscounting and obtaining Federal Reserve notes is the practise of borrowing from the Federal Reserve Bank itself (by means of rediscounted paper and collateral loans), a practise which enables various parts of the district to draw heavily upon metropolitan resources in time of need. Branches of the Federal Reserve Banks have been established in a few of the more important towns of the district, somewhat remote from the metropolitan center.

Besides the banks which act as agents of financial concentration in the metropolis, there are many trading, transportation, and mining companies that keep in the metropolitan centers both their current receipts and their cash reserves. Of course, these are not necessarily held in the companies' own vaults but deposited generally in the banks of the metropolis. Insurance companies perform a similar concentrating function. The latter are so important that they should be at least briefly set forth.

There are two chapters in the early history of insurance in England that are of great interest. One is the establishment of the business in the metropolis and the other its extension from the metropolis to the hinterland. Although fire insurance had been early advocated, it made no headway in England till after the great fire in London. The first fire insurance office in London was owned by Nicholas Barbon, a physician and pamphleteer. The first joint-stock insurance company was formed not long after, and following it the earliest company now in existence. Then came the Sun Fire Office, which was to serve

Business
balances
in the
metrop-
olis

London
fire
insurance
business

1635,
1638,
1660
1666
1667

1681
1696
1706

not only London but the whole realm. By 1721 several London companies were doing business—companies still existing—both in the metropolis and the hinterland.

Although marine is older than fire insurance, its organization in the form of large companies is somewhat later. At first individuals, or groups of individuals, meeting to do business at the coffee houses, notably Lloyd's, had insured ships and cargoes. Later two companies, the London and the Royal, were given a monopoly as against all other English insurance companies. These companies soon sought business wherever it was to be found.

Life insurance, like marine, is older than fire insurance but it developed a company organization somewhat later than either. Life insurance in London was written by individuals at least as early as 1583. Companies came later, only the Amicable being of any importance till the foundation of the first modern company, the Equitable of London. Soon after the formation of the Amicable, life insurance began to spread to the provinces, in so far as the London companies did business there and separate companies were set up in the country. In America there had been many special projects, notably for insuring the clergy, but modern life insurance dates from 1809 when the first commercial company was established in Philadelphia. Then in the other growing metropolitan centers similar companies were set up, as well as in such tributary towns as Hartford (a pioneer in the insurance business), Worcester, Springfield, Trenton, and Milwaukee. The greatest of the American companies, the Mutual of New York, was founded relatively late, and the Equitable of New York also doing an enormous business, somewhat later still.⁹⁰

London
marine
insurance
business

17th
century

1720-1824

London
life
insurance
business

1698 f.

1706 f.

1762 f.

1756 f.

1842

1859

Such companies, the greatest of them located in metropolitan centers, were agents of concentration to a marked degree. Millions of people pay premiums into their coffers and millions put their savings into some kind of endowment or annuity policy. The combined resources of such agencies constitute a considerable factor in metropolitan finance. A somewhat similar account might be given of the history of savings banks in England and America and of trust companies in America, but the main point of the concentration of fluid capital is clear. We cannot discover even approximately how much this was, but it was enough for the needs of both metropolis and hinterland.

General effect of insurance business on the metropolis

18th and 19th centuries

The counterpart of concentration in the metropolis is radiation from it. The same money mechanism that concentrates capital helps disperse it either in the metropolis or in the hinterland. While one local bank, or one branch banking system, located in a section of the hinterland which has a surplus of capital for investment and accordingly where interest rates are relatively low, will function chiefly in piling up banking capital in the metropolis, another located where capital is relatively scarce and interest rates high, will work in the opposite direction. In America to-day the capital in the metropolis is used to finance the business of the hinterland and also to promote new companies and to refinance old ones. Money is issued freely to meet the needs of both metropolis and hinterland.

Financial radiation from the metropolis

In America, where branch banking is not widespread⁹¹ and where generally the individual bank is at least theoretically a local enterprise, financial radiation and concentration are sometimes effected through a system of chain (line) banks. The chain banks

Chain banks in America

located here and there, it may be four or twenty in number, are owned by one banker (or a group of bankers) or by a holding company in the metropolis, in case the head office is located there. If the banks are old local institutions bought up by the chain, all the stock may be centrally held; but if newly established, local people are ordinarily brought in to subscribe a minority of the stock of each bank. The function of the chain is to radiate capital from the metropolis to the hinterland, to concentrate it in the metropolis, or to shift it from one part of the hinterland to another where it is more needed. Thus the chain of banks performs essentially the same functions as a branch bank.

Although for the purpose of description we may deal separately with banks, bill brokers, stock exchanges, and insurance companies, we cannot really separate the working of the institutions themselves. They are inextricably bound together to form one metropolitan system. The interdependence of these financial agencies suggests the unwelcome thought that, if an unscrupulous man (or group of men) captured the system, he could hold metropolitan economic life in his hands. Within the metropolis, indeed, there has grown up a combination of money middlemen who have a large measure of control over private finance. We hear about this chiefly when there is complaint of excesses committed, but it exists generally in metropolitan centers, large and small, old and young, differing only in degree. In New York City a group of financiers, with J. P. Morgan and Company at the head, effectively controlled about twenty-three billions of dollars. In the combination of money power, often called "Wall Street," there were grouped private bankers such as J. P. Morgan and Company,

Combina-
tion of
money
middle-
men

Pujo
Com-
mittee
Report,
1912-13

1913
Wall
Street

and Kuhn, Loeb, and Company; joint-stock banks such as the National City Bank, the National Bank of Commerce, and the First National Bank; trust companies like the Guaranty Trust Company and the Bankers Trust Company; the Mutual Life and the Equitable Life insurance companies; railroads like the New York Central, the Pennsylvania, and the New Haven; the International Mercantile Marine Company; manufacturing concerns such as the United States Steel Corporation, General Electric Company, the Pullman Company, and the International Harvester Company; the American Telephone and Telegraph Company and the Western Union; and great electric transit companies. Such a group was probably never formed before. When an individual or a firm was a member of the group, all was well, but when on the outside he found it difficult to raise a large loan. If he competed with some company on the inside, he had no chance at all, so it is believed, of getting financial consideration. In other words, the system of concentration and radiation did not work for his benefit. This may be regarded as one of the abuses, not of the uses, of the system.

In this phase of metropolitan economy there are two interests and two corresponding policies, not unlike those found before. On the one hand, there is a powerful group of money middlemen or financiers who believe in *laissez-faire*. This means to them chiefly freedom to organize financial combines as they will, most of them perhaps for the general good but a few unjustifiable. It means that they are to be free to promote new businesses at will, to exact such terms as they wish from firms seeking loans, and to consolidate into large combines all transportation and manufacturing companies that in their opinion should

Policy of
money
middle-
men:
*laissez-
faire*

combine. They are thinking of the economy of management and dividends rather than service to the public, although, of course, the two considerations are not entirely separable.

Policy
of re-
stricting
money
middle-
men

But there is another interest and another policy. It is regulation of these money powers. Those supporting such regulation constitute a motley crowd from the manufacturer who cannot get a loan on Wall Street to the farmer who thinks that the money middlemen are discriminating against agriculture; from the poor man who rides on a railroad, the service of which has been impaired through manipulation by the metropolitan capitalists, to the democrat who fears in a vague way the power of money, remembering perhaps the Biblical teaching about Mammon and the classical lore about Pluto. And there is the state socialist who says: let the money middlemen go ahead and consolidate; soon we socialists shall step in, not so much to regulate as to own and use the resources so conveniently brought together for public control. In other words, the metropolitan system of concentration and radiation as managed by the money group is regarded by such extreme reconstructionists as a preparation for a new social order.

Inter-
metro-
politan
finance

In contemplating the intra-metropolitan financial organization with its concentration and radiation and its combination of money middlemen, we too readily forget inter-metropolitan financial relations. The great financial houses of one metropolis are closely related to those of another metropolis, the relation usually being one of mutual interest and co-operation. J. P. Morgan and Company of New York work with Lee, Higginson, and Company of Boston; and Kuhn, Loeb, and Company of New York with Kidder, Peabody, and Company of Boston. In underwriting

securities these concerns generally look after the share of the business allotted to their own metropolitan area. Sometimes one concern has offices in two or more metropolitan centers. J. P. Morgan and Company has offices in New York, Philadelphia, and Paris. Nearly a century ago the firm of Brown Brothers and Company of New York was established as an offshoot of Alexander Brown and Sons of London. And for a long time August Belmont and Company has been the representative of the Rothschilds who have offices in several European metropolitan centers.⁹² Accordingly, it is not simply the metropolis and its hinterland that are held together by these financial combinations, but one metropolitan system is kept in close relationship with another, whether in the same country or in different lands. J. P. Morgan and Company and business associates bind the interests of New York, Boston, Philadelphia, Chicago, Paris, and London. And during the late war this firm was a tower of strength for the Allied and Associated States fighting against the Central Powers. The electric telegraph and cable have bound together the metropolitan centers of the world so closely that the slightest move on the stock market of one is likely to affect the other. "How's London?" has long been a cry in New York.

Between the full-fledged metropolitan centers of the world, such as those mentioned above, there is a lively trade not only in general merchandise, gold, and silver, but also in securities. Money and credit are being constantly transferred from one to another. It is true that they are not all equal in resources. That is not the point: they are all equal in function. Each has reached the financial phase of metropolitan development. The inter-metropolitan financial deal-

1825

Since
1837

London
and New
York
since
Aug.,
1866

Trade
and dif-
ferences
between
metro-
politan
centers

ings are between equals in service though not in age or wealth.

London and Manchester-Liverpool

19th century

1810

1826, 1827

1922

1921

But there is another inter-metropolitan relationship of great significance. One metropolis may be in the financial phase of its development while another has not gone so far. If they are near, the better-developed center performs some, it may be many, financial functions for the other. We may well consider the relation between London and Manchester-Liverpool. For a long time the latter were but tributary towns of the former. But gradually within the period of about a hundred years Manchester-Liverpool attained a large measure of *commercial* independence, with their own hinterland in the northwestern part of England and Wales, and with their own extended trade notably with America and the Orient. Their textile industries and metallic manufactures, and their transportation systems, at first subordinate to London's, gradually became largely independent. But during this period we find that Manchester-Liverpool in spite of their efforts remained *financially* dependent on London. When London had sixty-seven banks, Liverpool had only five and Manchester only two.⁹³ Then the Bank of England opened branches first in Manchester and later in Liverpool. Liverpool has had great success in developing an insurance business independent of London, but it has been dependent on London and Manchester for much of its banking.⁹⁴ And yet one of its banks, the Bank of Liverpool and Martins, has 321 branches and sub-branches in Liverpool and the district round about. Manchester has shown signs of considerable financial strength. One of its banks, the Manchester and Liverpool District Banking Company, has 340 branches and sub-branches in the northwest. Six

banks with headquarters in either Manchester or Liverpool have an aggregate of nearly 1100 branches and sub-branches. One of the six, with its 140 branches, has recently been affiliated with a London bank. Whether this is indicative of an even greater dependence on London, remains to be seen.

But this is not all, for a movement is under way leading to the affiliation of the London with the Scotch and Irish banks. One London bank, the London Joint City and Midland Bank, together with its two affiliated banks, has branches throughout the British Islands. It looks as though in time, if this movement continues, there will be a branch banking system in the United Kingdom comparable in structure to that long existing in Scotland and well developed in Canada. Of course, it is to be understood that the banking capital, while largely managed in London, is kept and used in those centers where needed. The recognized banking centers of the British Isles are not only London and Manchester-Liverpool but also Edinburgh and Dublin. The Irish capital derives much, the Scotch capital virtually all, of its financial importance from its political position.

English banks, perhaps we should now say "British banks," are merging not only with institutions in the British Isles but with those abroad, in the colonies and in foreign lands. This is, of course, primarily to facilitate trade already existing, but it goes even farther. The English have learned that by the extension of credit they can call forth from the tomb of decadent and retarded civilizations great productive powers that will result in large orders for their manufacturers and merchants. In short, England with its branch bank system focusing on the metropolitan centers of London and (to a less extent)

1920.

Joint
stock
branch
banks
of the
United
Kingdom
center-
ing in
London

English
banks and
extended
trade

Liverpool-Manchester, like the United States with its Federal Reserve, is well organized both for looking after hinterland business and for furthering its extended commerce all over the world.

Slow
develop-
ment of
financial
inde-
pendence

The developing metropolis is usually under the financial tutelage of some fully developed metropolis. Gradually a large measure of financial independence is secured and then the new and the old are equal, not in resources but at least in function. In America, Chicago and St. Louis have struggled to become independent of eastern financial cities, especially New York. And more recently the Twin Cities of the American Northwest have in a sense tried to free themselves from New York and Chicago. As the new metropolitan centers of the West developed, their financial demands upon eastern cities put the latter into a tight corner in seasons of great demand,⁹⁵ and especially in years of crises. As the capital of the new areas increased, it was apparent that the old-time dependence must cease. For a long time New York was the only central reserve city, as we have seen, then Chicago and St. Louis were added. But both these cities found that the practice of doing business in New York was deep-seated and convenient. Complaint was made in St. Louis that its business houses continued to buy drafts on New York to pay their debts in other cities, instead of simply sending their personal checks on St. Louis banks.⁹⁶ Although the process of decentralization has been slow, the progress has been real and abiding. When at last twelve Federal Reserve centers were created, recognition was given to the growing financial strength of the new parts of the country, and at the same time a heavy, though not a death, blow was struck at the towering financial dominance of New York City.⁹⁷

1864-87

1887

1894

1914

The attainment of financial independence is a relative matter at best. It does not mean, of course, that the fully-fledged metropolis has no further dealings with other metropolitan centers. It means that normal financial needs are cared for by reserves held in the new metropolis, which formerly had been concentrated in the old one, and that the metropolis is the reservoir into which the fluid resources of the area run and from which they flow back to the area, often to different parts of the area than those from which they came.

Meaning
of finan-
cial inde-
pendence

Among these equals—that is, the well-developed metropolitan centers that have reached the financial phase, there are inter-metropolitan connections of great importance. At times one whole metropolitan system has a surplus of capital while another has a deficit. It is obviously of advantage to both that there should be a transfer of capital. When the American Northwest needs capital to move its grain crop the eastern metropolitan centers supply it, and then later the situation is reversed. In time of a crisis the dependence of one metropolis upon another is apparent. Paris can come to the rescue of London, and London of New York, and New York of the other metropolitan centers of America. Of course, at such a time the help can best be given in gold, but may be in credit.

Inter-
metro-
politan
financial
relation-
ship

As in
1890

As in
1907

Every day sees a change in the indebtedness of one area to another. The area that cannot send goods must send money, under the Federal Reserve System, gold or credit for gold. In other words, there is a favorable and an unfavorable balance of trade between St. Louis and New York as there is between New York and London. And in both cases of inter-metropolitan trade whether international or

Foreign
and do-
mestic
metro-
politan
exchange
rates

not, the balance must be made up in acceptable currency, preferably gold. The metropolis that has to send gold has exchange rates against it, the one that receives the gold has the rates in its favor. Both foreign and domestic rates may be learned by reading the quotations in the daily papers. In one essential, foreign and domestic exchanges are the same: they both reflect the balance of trade. But they differ in so far as domestic exchange is ordinarily nowadays not complicated by various kinds and units of coins, while in foreign exchanges monetary differences are outstanding features. When Chicago has to send money to New York, only the balance of trade enters into the situation; while Chicago sending money to London has to consider the equivalent of American dollars in English pounds sterling.

Fully developed metropolis and its men of business

We have often spoken of the fully developed metropolis, and we have seen that it means the metropolis that has reached the fourth or financial phase. To the classes of business men that characterized the town under town economy and the metropolis under the three phases indicated above, are added many money middlemen. Just to go over the list of business men found in the fourth phase is bewildering: retailers, wholesalers, jobbers, industrial entrepreneurs, commission merchants, brokers, drummers, warehousemen, elevator men, scoopers, shipowners, shipmasters, shipping merchants (exporters and importers), telegraph, railroad, and express officials, insurance agents, active and sleeping partners, stockholders, bondholders, bankers, trustees, speculators, stockjobbers, promoters, underwriters. When all these and others are functioning, we have a fully developed metropolitan economy; when not only goods and services are exchanged, but

capital and credit, through a metropolitan organization.

We may visualize the fully developed metropolis very crudely in this way. The retail section is the survival (and extension) of the trade of town economy. The wholesale district represents the first phase of metropolitan economy. The industrial suburb is all that the metropolis has (ultimately) to show of the second phase of its development. The great terminals for railroads and steamships are the generally ugly memorials of the third phase. And the financial district stands for the fourth phase. In London it is Lombard Street, not the street itself but the section with financial institutions. In Boston it is State Street, in New York Wall Street, and in Chicago La Salle Street. Here in these districts are the banks, brokers' offices, stock exchange, and insurance offices. Here is the most sensitive spot in the metropolitan nerve center.

Fully developed metropolis visualized

43. SUGGESTIONS FOR FURTHER STUDY

1. Clive Day's *History of Commerce* (1907, 1920) contains many facts bearing indirectly on the subject of town and metropolitan economy.
2. Read A. F. Weber's *Growth of Cities in the Nineteenth Century* (1899), especially chap. III.
3. See *The Evolution of the English Corn Market* (1915) by N. S. B. Gras, especially chaps. IV, VII, and VIII.
4. Study the valuable treatise on *Middlemen in English Business, particularly between 1660 and 1760* by R. B. Westerfield, Transactions of the Connecticut Academy of Arts and Sciences (1915).
5. Read *The Industrial and Commercial Revolutions in Great Britain during the Nineteenth Century* (1921) by L. C. A. Knowles.

6. See J. R. Smith's *Industrial and Commercial Geography* (1913), especially pt. II, chaps. XIII and XIV.

7. See E. W. Kemmerer's study of domestic monetary exchange, *Seasonal Variations in the Relative Demand for Money and Capital in the United States* (1910). National Monetary Commission. Senate Document 588, 61st Congress, 2d Session.

8. For a brief explanation of the Federal Reserve banking system of the United States, see H. G. Moulton's *Financial Organization of Society* (1920), and *Banking and Business* by H. P. Willis and G. W. Edwards (1922).

9. What factors determine the location of metropolitan centers? Consider climate, transportation facilities, direction of trade, and raw materials.

10. Compare the two meanings of the phrase "metropolitan market," (a) as the nucleus itself, and (b) as the whole unit of nucleus and hinterland. Which is the use in trade and which is preferable in economic history?

11. There are at least two meanings to the term "organization" in economic history: the one informal, showing relationships without much fixity or conscious plan; the other formal with a constitution based on agreement and plan for the future. Could you say that the metropolitan economic unit illustrates the first, and the chamber of commerce the second? Any other illustrations?

12. All five stages, including metropolitan economy, have been stages in the evolution of production. Each has shown a certain organization for procuring a living based on a division of labor. Review all five stages with this in mind.

13. Why is it preferable to use the term "extended trade" rather than "international trade" when we are considering, not customs barriers of states but the actual exchange of goods?

14. Is there any difference between inter-metropolitan trade when the metropolitan centers are within the same state and when they are in different states?

15. What is the connection between the bill of exchange and the development of metropolitan economy?

16. Do you regard the metropolitan market as a territory or a group of persons?

17. Why is it that at first prices were generally higher in a metropolis than in the surrounding hinterland, while to-day they vary greatly according to commodities?

18. Is it true to say that the farther out into the hinterland we go the nearer we are in a general way to the conditions of earlier economic stages?

19. Ruling out all variations in the qualities of the soil, what changes in agriculture do you find as you approach the metropolis, more or less intensive cultivation? Why?

20. Study carefully the changes in prices, wages, rents, and rates of interest as you leave the metropolis for the outer parts of the hinterland.

21. Is it true that the checkerboard of towns under town economy gave way to the spider web of metropolitan economy because the latter was more efficient? What was the saving to labor, management, and capital used in transportation, storage, and exchange of goods?

22. Are we justified in dealing with communication under the head of transportation?

23. Where do you get the better railroad, highway, telephone, telegraph, and postal service, (a) from (or to) a metropolis, or (b) around a metropolis in a circular or elliptical way?

24. Comment: the village mobilized labor, the town skill, and the metropolis management and capital.

25. Are the following cities metropolitan centers: Hamburg, Amsterdam, Rotterdam, Antwerp, Bordeaux, and Barcelona? Which are hampered by political boundaries?

26. If there were no political boundaries between France, Belgium, the Netherlands, and Germany, which city would probably become the greatest metropolis?

27. Is it a safe inference that one of the motives of the German leaders in the late war was to strike a blow for metropolitan economy in Germany with the Rhine or the Scheldt valley, or both, as the hinterland?

28. Are there any metropolitan units in Australia, Scotland, China, Russia?

29. Consider the three cities in Russia: Moscow, Petrograd, and Odessa. On what does the prosperity of each depend?

30. Some see a great commercial future for Constantinople. Why did this city, or a city in the district, arise so late? Why has it experienced prosperity and then decline? On what does its future depend? Do the people of its prospective hinterland show much capacity for increasing productive and purchasing power?

31. In so far as the French Revolution was precipitated and partly caused by restrictions in internal trade, can you connect that Revolution with the development of metropolitan marketing in France? Consider the fact that local famines brought about disturbance and rioting before the Revolution and that the *cahiers* asked for the removal of internal tariffs.

32. Compare the financial activities of Sir Thomas Gresham and Mr. J. P. Morgan, Jr., as to (a) kinds of operation, (b) centers of business activity, (c) amounts of capital handled, and (d) relations with the government.

33. Is the branch banking business of Great Britain, Canada, and Australasia, conducive to metropolitan growth? Consider the concentration of reserves.

34. What is a national banking system? Is it not essentially a set of rules to guide banks? Is not the banking itself really metropolitan in advanced countries? Is not banking essentially a matter of borrowing and loaning capital? Are these not actually done in accord with metropolitan organization?

35. In what way are crises to be associated with metropolitan economy?

36. What is the meaning of the independence (for example, financial) of the metropolis? Does it mean either isolation or absolute independence?

37. Would "Wall Street" have been possible in town economy? What is its relation to metropolitan economy?

38. Who oppose "Wall Street" and for what reasons? Consider (a) the Congressional investigation of 1912-1913, and (b) the bomb explosion on Wall Street, September, 1920.

39. What advantages and disadvantages do you find in

metropolitan economy? Among the disadvantages consider the fact that numerous people derive large rewards from simply buying and selling on the metropolitan market. Are their rewards commensurate with the services performed?

40. At about what time did each of the four phases of metropolitan economy develop in the London unit? At what time in other units?

41. It has been said that we moderns are characterized by a restless nervous energy. Do you correlate this with metropolitan growth?

42. Characterize the psychic or mental and emotional makeup of people in each of the five stages. Can you find individuals who even now roughly conform to these types?

43. Is the government of the metropolitan center adequate to the needs of economic development? Should we not have a federation of all chambers of commerce in the metropolitan district? Would such a federation be entirely harmonious? Whence would come the cleavage?

44. Why has the metropolis had such influence on national government—in legislation and administration? Consider the (common) location of the government in an economic metropolis, the activities of the metropolitan chamber of commerce, the great influence of metropolitan wealth, and above all the obvious need for legislation in the interest of already established or developing metropolitan trade.

45. Does the fact that there are super-metropolitan centers, detract from the theory of metropolitan economy any more than the existence of powerful or super-states detracts from the theory of national sovereignty?

For further references, see the notes that follow.

44. NOTES TO CHAPTER V

1. N. Barbon, "A Discourse of Trade" (1690) in *Hollander's Reprint of Economic Tracts* (1905), p. 34.

2. N. S. B. Gras, *The Evolution of the English Corn Market* (1915), pp. 73-75.

3. Usually the term "metropolitan market" is applied to

the nucleus itself, and means no more than a large city; for instance, the metropolitan market of London is made up of a group of over seven million people located in Greater London.

4. Much of this was done at fairs, but gradually the important towns took over the function of liquidating bills of exchange.

5. See R. Ehrenberg, *Das Zeitalter der Fugger* (1912), vol. II, pp. 3 f., *et passim*.

6. J. W. Burgon, *The Life and Times of Sir Thomas Gresham* (1839), vol. I, pp. 31, 409.

7. *Ibid.*, vol. II, pp. 80, 345. For Gresham's life and work, see above, p. 245.

8. *A Memorial History of Boston* (ed. by J. Winsor), vol. II (1881), p. 441.

9. See for France, E. Vidal, *The History and Methods of the Paris Bourse* (1910), pp. 85-86.

10. R. R. Sharpe, *London and the Kingdom*, vol. II (1894), pp. 46-53.

11. *Ibid.*, pp. 37-44.

12. A contemporary recognition of the need for a joint-stock "in long and dangerous voyages" is found in the arguments in 1604 concerning the trading monopolies of London companies. A. E. Bland, Brown, and Tawney. *English Economic History, Select Documents* (1914), p. 449.

13. See J. Strieder, *Studien zur Geschichte kapitalistischer Organisationsformen* (1914), pp. 125-156; W. H. Price, *The English Patents of Monopoly* (1906); W. R. Scott, *The Constitution and Finance of English, Scottish and Irish Joint-Stock Companies to 1720*, vol. I (1912). Joint-stock did not become a very important factor in manufacturing, however, until the 19th century. Nor did it become common on the Continent till that time.

14. Not all the companies were joint-stock, some being of the old type, the regulated company.

15. Paris not being a convenient port, the different French *Companies to 1720*, vol. I (1912). Joint-stock did not become the West India Co. at Le Havre, the East India Co. at

L'Orient, the company of the Levant at Marseille, and the Company of the North at Dunkirk.

16. *Cartulaire de l'Ancienne Estaple de Bruges* (ed. by L. Gilliodts-van Severn, 1904), vol. I, pp. 19-21.

17. R. B. Westerfield, *Middlemen in English Business, 1660-1760* (1915), pp. 366-367.

18. W. Sombart, *The Jews and Modern Capitalism* (1911, 1913), pp. 138, 151.

19. N. S. B. Gras, *The Evolution of the English Corn Market* (1915), p. 223 n. 1.

20. A. P. Usher, *The History of the Grain Trade in France, 1400-1710* (1913), pt. I, chap. II.

21. A. Oncken, *Geschichte der Nationalökonomie*, pt. I (1902), p. 148; H. Sieveking, *Die mittelalterliche Stadt. Ein Beitrag zur Theorie der Wirtschaftsgeschichte. Vierteljahrschrift für Social- und Wirtschaftsgeschichte*, vol. II, (1904), p. 213; G. von Below, *Probleme der Wirtschaftsgeschichte* (1920), pp. 589-592.

In the preceding chapter, the town was regarded as the seat of individualism; in this present chapter, it is held to be the model of restraint followed by the growing mercantilistic state. The contradiction is more apparent than real. Although the town system was mercantilistic, the spirit of revolt against group control led to individualism in business, art, and science—just as later the revolt against national mercantilism led to national liberalism or individualism within the state.

22. Cf. H. I. Bidermann, *Ueber den Merkantilismus* (1870).

23. (John Hales in 1549). *A Discourse of the Common Weal of this Realm of England* (1893), p. 92.

24. See H. Pirenne, *Belgian Democracy* (trans. by J. V. Saunders, 1915), pp. 202-208.

25. W. Felkin, *History of Machine-Wrought Hosiery* (1867), pp. 44, 59.

26. *Ibid.*, pp. 44, 59-60.

27. L. Roberts, *The Merchants Map of Commerce* (1638, 1677), p. 291.

28. W. Felkin, *History of Machine-Wrought Hosiery* (1867), p. 437.
29. *Ibid.*, p. 117.
30. *Ibid.*, p. 227.
31. *Minutes of Evidence before Select Committee on Manufactures, Commerce, and Shipping* (1833), vol. VI, p. 84.
32. *Letter Books of the City of London*, vol. E (1903), p. 233.
33. G. Unwin, *Industrial Organization in England in the Sixteenth and Seventeenth Centuries* (1904), p. 25.
34. G. I. H. Lloyd, *The Cutlery Trades* (1913), p. 97.
35. *Minutes of Evidence before Select Committee on Manufactures, Commerce, and Shipping* (1833), vol. VI, p. 180; J. R. McCulloch, *Statistical Account of the British Empire* (1837), vol. II, p. 113.
36. Its disadvantage in procuring Spanish and Swedish iron for making the finest wares was real, but was gradually overcome.
37. *Minutes of Evidence before Select Committee on Manufactures, Commerce, and Shipping* (1833), vol. VI, pp. 226-227.
38. E. L. Bogart and Thompson, *Readings in the Economic History of the United States* (1916), pp. 302-303; B. E. Hazard, *The Organization of the Boot and Shoe Industry in Massachusetts before 1875* (1921), pp. 81, 103, 107.
39. *Boston Board of Trade, Fourth Annual Report* (1857), p. 99.
40. *The Boston Almanac for the year 1850*, pp. 59-62.
41. Of course we are speaking of manufacture for sale, not for use. Much of the wholesale handicraft sprang directly from the latter.
42. C. A. J. Skeel, *Travel in the First Century after Christ with special Reference to Asia* (1901), p. 65.
43. R. Pöhlmann, *Die Übervölkerung der antiken Grossstädte* (1884), pp. 79-80. Of course Alexandria, a created town, was somewhat different, at least in its main thoroughfares which were both broad and straight.
44. Of course, part of the trouble is that the metropolis

frequently overdoes itself in the provision of numerous public utilities, so that it has inadequate funds for keeping the roads in repair.

45. W. T. Jackman, *The Development of Transportation in Modern England* (1916), vol. I, pp. 58, 61, 65, 217, 218, 226, 229, 232.

46. *Ibid.*, pp. 266-279.

47. G. Dodd, *The Food of London* (1856), pp. 317-318, 336.

48. E. M. Avery, *A History of the United States and its People*, vol. VI (1909), p. 410 (map).

49. If the hard surface or surface layer presents sufficient slab resistance, then the solid base may be dispensed with.

50. W. T. Jackman, *The Development of Transportation in Modern England* (1916), vol. I, p. 374.

51. *Ibid.*, pp. 356-363.

52. *Ibid.*, p. 376.

53. See A. Ure, *The Cotton Manufacture of Great Britain* (ed. of 1861), vol. I, p. 216; W. Vaughan, *Tracts on Docks and Commerce* (1839), p. 62.

54. B. H. Meyer, *History of Transportation in the United States before 1860* (1917), p. 151.

55. G. Dodd, *The Food of London* (1856), p. 228.

56. *Boston Board of Trade, Second Annual Report* (1856), pp. 12-23.

57. *Boston Board of Trade, Twenty-Seventh Annual Report* (1881), p. 17.

58. E. R. Johnson, *History of Domestic and Foreign Commerce of the United States* (1915), vol. I, pp. 186-189; A. H. Clark, *The Clipper Ship Era, 1843-1869* (1910), pp. 38-42.

59. See *Parcel Post in Foreign Countries*, United States Congress, Committee on Post Office (1912), p. 31, *et passim*.

60. I. Lippincott, *Economic Development of the United States* (1921), pp. 244-245.

61. See *The American Year Book*, vol. for 1918, p. 562; and vol. for 1919, p. 556.

62. Strenuous objection was made to the establishment of a parcel post in America on the ground that town retailers

would be injured. See *Parcel Post in Foreign Countries*, United States Congress, Committee on Post Office (1912), pp. 29, 42, 95, 117, etc.

63. R. Mayr, *Lehrbuch der Handelsgeschichte* (1907), pp. 129-130.

64. J. C. Hemmeon, *History of the British Post Office* (1912), p. 16.

65. Cf. R. B. Westerfield, *Middlemen in English Business, 1660-1760* (1915), p. 420.

66. *Annual Report of the Postmaster-General* - - June 30, 1919 (1919), pp. 14-20.

67. See C. Bright, *The Story of the Atlantic Cable* (1903), chaps. I, X, XIV-XVI. The projector (Cyrus Field) was an American; the capital, skill, and labor were English.

68. N. S. B. Gras, *The Evolution of the English Corn Market* (1915), pp. 199-209.

69. It was nevertheless possible for Clay and others to support a policy of both protection in trade and improvement in internal transportation.

70. See below, §49, pp. 316-322.

71. See above, p. 190.

72. *A Collection of the Names of the Merchants living in and about the City of London* (1677, reprint 1863), last 8 pages.

73. Sir Francis Child, not Sir Josiah Child the merchant. Child and Co. claim to have been established before 1600. *Bankers' Almanac and Year Book for 1919-20*, p. 70.

74. R. Ehrenberg, *Das Zeitalter der Fugger* (1912), vol. II, pp. 311, 352-356. The exchange was for trading in goods as well as securities.

75. S. S. Pratt, *The Work of Wall Street* (1919), pp. 5, 8.

76. C. Duguid, *The Story of the Stock Exchange* (1901), pp. 44-45.

77. Sir Josiah Child, quoted in R. B. Westerfield's *Middlemen in English Business, 1660-1760* (1915), p. 420.

78. G. Chalmers, *Considerations on Commerce* (1811), pp. 218-220.

79. A. Andreadès, *History of the Bank of England* (1909), p. 113.

80. See R. C. H. Catterall, *The Second Bank of the United States* (1903), p. 377 (map).

81. *The Correspondence of Nicholas Biddle* (ed. by R. C. McGrane, 1919), pp. 31-32, 252.

82. J. W. Gilbart, *The History, Principles, and Practice of Banking* (1896), vol. I, p. 70; vol. II, p. 124.

83. Cf. W. R. Bisschop, *The Rise of the London Money Market, 1640-1826* (1896, 1910), pp. 167, 217.

84. Many of the facts in this paragraph are taken from the *Bankers' Magazine* (1844 f.) and from the *Bankers' Almanac and Year Book for 1919-20*.

85. Because of the difficulty of distinguishing between a merchant carrying balances (and transacting some banking for his customers) and an out-and-out banker, the origin of early private banks is obscure. Claim is made that one hinterland bank was founded as early as 1688.

86. Cf. G. Chalmers, *Considerations on Commerce* (1811), p. 224.

87. The Bank of North America was opened in Philadelphia in 1782, and the Massachusetts Bank in Boston and the Bank of New York, in New York City, both in 1784.

88. This is a national banking system, not including the state banks. See the laws of 1864, 1874, 1887, and 1903. Until 1874, these balances were chiefly for the redemption of bank notes presented in the larger centers, but were also held against deposits, if I read the law aright. From that date onward they were kept only against deposits.

89. And the number of reserve cities might be increased to include any city of a population of 50,000 or over beginning in 1887, and from 1903 onward any city having a population of 25,000 or more. The number in 1914 was 46.

90. Data concerning life insurance are taken from C. K. Knight's *History of Life Insurance in the United States to 1870*, University of Pennsylvania (1920), pp. 12-119.

91. Branch banks were (1910) prohibited in at least eight and perhaps nine states, and specifically allowed in only ten or

possibly eleven. The national banking laws allow branch state banks to enter the national system and they permit national banks to form branches in foreign countries under certain conditions.

92. S. S. Pratt, *The Work of Wall Street* (1919), p. 9.

93. G. Chalmers, *Considerations on Commerce* (1811), pp. 228 f.

94. *Liverpool: its Trade and Commerce* (1918), pp. 93, 94, 98.

95. See the *Commercial and Financial Chronicle* (Nov. 29, 1890), pp. 730-732.

96. J. Cox, *Old and New St. Louis* (1894), p. 90.

97. See *Location of the Reserve Districts in the United States* (1914), Senate Document 485, 63d Congress, 2d Session, pp. 289, 297.

CHAPTER VI

METROPOLITAN ECONOMY, CHIEFLY IN AMERICA

45. METROPOLITAN RIVALRY. The fourth phase of metropolitan economy was not reached without a struggle. The developing metropolis has to meet the competition of other aspiring centers at home and abroad. One of the early outstanding instances of rivalry was between London and Amsterdam. Both had East India companies that were the center of attraction of the western European business world. Both had a foothold in North America, Amsterdam at New Amsterdam and London in the colonies both to the north and south. Their rivalry was embodied in the British navigation acts and ended in two naval wars, in both of which Britain was the victor. New Amsterdam became New York, a powerful auxiliary in the hands of Englishmen in their contest with the French to the north.

London
vs.
Amster-
dam

17th
century

1652-54
1666-67
1667

Britain had no sooner ended its struggle with the Dutch than it began one with the French. Sir John Seeley has taught us to look upon that struggle as the second Hundred Years' War. The first Hundred Years' War had been dynastic; this one was commercial. We may rightly call it an Anglo-French contest, for both nations exerted their full strength, at least toward the close of the period of strife. But in a special sense it was a London-Paris contest. Each city was unquestionably the center of much of the trade of the nation, though Paris was not a port

London
vs.
Paris

1688-1815

of such easy access as London. Each had its trading companies, and the merchants of each had their eyes on India, the East and West Indies, and North America. Each had its outposts threatening the outposts of the other. London was strong in New York, and Paris at first in Montreal and later in New Orleans. As everybody knows, the contest of a century was at last ended by the defeat of Napoleon and, we may add, the victory of London.

American
rivals

1783

For a time the political fortunes of New York, Montreal, and New Orleans were as diverse as possible. New York became part of the United States during the Revolution, while Montreal remained in the possession of Britain, and New Orleans in the control of Spain. But these trading towns, all aspiring to dominate their respective areas, continued to be rivals in the same way as before.

New
York
vs.
Montreal

1825

1829

1824-47

Both New York and Montreal competed for the fur trade with the Indians. Both probably drew upon western New York State for their grain supplies, New York by means of the Hudson and Mohawk Rivers and Montreal by means of the St. Lawrence River, Lake Erie, and the Genesee River. New York was easily the victor, especially after the construction of the Erie Canal. But Montreal's answer to this was the Welland and St. Lawrence River canals. When railroads were built, the old contest continued, only in a new form.¹ Later the competition breaks out again, where it now stands, between New York with its new Barge Canal and Montreal with its improved Welland Canal and the proposed St. Lawrence power and ship canals. New York is standing out strongly against the last-named, fearing a diversion of its trade. The struggle between these two centers has long been unequal, because,

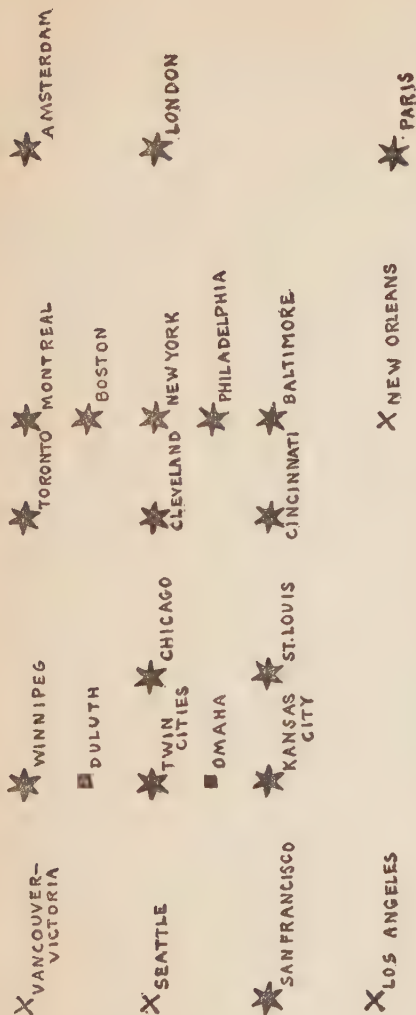


DIAGRAM ILLUSTRATING METROPOLITAN RIVALRY

Legend:

- Starred dots are metropolitan centers.
- Crosses are centers of metropolitan promise, in the past or present.
- Squares are ambitious but subordinate cities.
- Vertical lines, if drawn, would pass through centers of about the same age.
- Horizontal lines, if drawn, would pass through centers of somewhat unequal aged.
- No attempt has been made to show the latitude and longitude of the cities.

while Americans have developed a hinterland for New York very rapidly, Canadians have performed a similar service for Montreal very slowly. The striking handicap of Montreal itself is the fact that its port is frozen up during the winter and for much of the remainder of the year transportation on the St. Lawrence is hazardous because of fogs.

New
York
vs.
New
Orleans

1830's

A more serious rival for New York was New Orleans. New York had behind it the rich grain section of the Great Lakes even to Chicago and beyond, first accessible by water and later also by rail. New Orleans had the equally rich Mississippi valley as far as St. Louis and beyond. New York pushed into the Ohio Valley through the canals from Cleveland and Toledo, and into the upper Mississippi valley through the Illinois Canal from Chicago. Although the imports of New Orleans have been insignificant when compared with those of New York, nevertheless, for a time, the exports of the two rivals were about equal, first one leading slightly, then the other. In the steamboat period before the Civil War, New Orleans flourished, but the railroads tapping the Mississippi valley at many places ran mostly east and west and robbed it of its influence in the hinterland. We may express it in another way: New York looked to the excellent markets of Europe, especially London and Liverpool; while New Orleans was nearer Central and South America, quite inferior consuming districts. In the period before the Civil War, New York was gaining, but the victory was not decided until the war. Since then New Orleans has really been out of the race.²

Chicago
vs.
New
York

While New York was gaining in its rivalry with New Orleans, its outpost Chicago was showing independence and developing ambitions of its own.

Its great advantages of location in a super-rich area, and its connections by rail and water, pointed to a great future. After the panic of 1873, we note Chicago's increasing commercial independence with the location of the branches of many New York houses there;³ and after the law of 1887, making it a central reserve city, we can see more and more financial independence.⁴

The law that made Chicago a central reserve city placed St. Louis in the same position. This was a recognition not only of central location but also of commercial and financial standing. St. Louis had been established very early as a trading outpost of New Orleans. In it centered the fur trade of the Upper Mississippi and Missouri Rivers, and the Oregon and Santa Fé trails. Later it became a grain and flour center, and in fact a well-developed metropolis by 1887, substantially on a par in function, if not in resources, with Chicago and New York. Paris might fail as against London, and New Orleans as against New York, but St. Louis succeeded as against Chicago, at least to the extent of attaining metropolitan proportions. It has long claimed that some day it will be the greatest commercial city in the United States—that is perhaps, when trade goes not only east and west but north and south.

The line of rivalry passes now from Chicago and St. Louis to the Twin Cities and Kansas City.⁵ At present the rivalry of these two centers, backed by their respective districts, has manifested itself in their race for supremacy in the grain and flour business, and in the official recognition of each as a Federal Reserve center, the concentrating point for the finances of the district.

We can hardly extend this competition to the

Chicago
vs.
St. Louis

1764

1890's
Kansas
City
vs.
Twin
Cities

1914

Pacific
Coast
cities

Pacific Coast district, for that district has had a history peculiar to itself. It is not a mere extension of the East. And yet, there is a strong promise of a rival for San Francisco in the growth of Seattle as a trading center, one in which the commerce of Oregon, Washington, Montana, and Alaska, is fast concentrating. But as yet Seattle is quite inferior, and to a considerable extent subordinate, to San Francisco. Their relative positions are roughly indicated by the fact that San Francisco has the Federal Reserve Bank, while Seattle has only a branch of this bank. But it is not unlikely that Seattle will be made into a Federal Reserve city if the Federal banking districts are reallocated.

Ambi-
tious new
centers

As these two lines of rival metropolitan cities have been extended westward, other centers have striven to make their voices heard. Often that has been the only success they have attained—notoriety. Some of these have sought to work themselves in between the metropolitan centers on the line of their north and south trade, but more often it has been along the line of the east and west trade. Buffalo, Cleveland, Toledo, and Detroit sought to carve out areas of metropolitan dominance, to form a middle kingdom of their own, in between New York and Chicago. Only Cleveland has succeeded to any great extent, and that in the face of the rivalry of Cincinnati.

Rivalry
of Atlan-
tic ports

But there was a struggle loud and long between the Atlantic ports, New York, Boston, Philadelphia, and Baltimore, not only for the north and south coast trade and for the overseas trade but for the east and west inland trade. By every peaceful means possible each of these cities has endeavored to outdo its rivals, by constructing highways, canals, and railroads, as we have seen, by establishing transatlantic lines for

freight and passengers, and by getting as low land and water rates from and to its ports as could be secured. They have been rivals for grain, cattle, coal, general merchandise, and the passenger trade.

Up to 1750 Boston led in population. By 1760 Philadelphia was ahead of Boston and by 1770 New York also had passed Boston. By 1790 New York had outdistanced Philadelphia and has maintained the lead ever since. Mere size, however, is a secondary consideration, as we have already noted. It is function that counts, but in these cases function and population keep pretty well abreast. Boston, and towns in the Boston group, had played a prominent part in trade with the Orient and the West Indies, but soon Boston and New York became keen rivals for this trade. When the Boston harbor froze up and the Cunard steamer *Britannia* could therefore not leave port, the business men of New York smiled with satisfaction, but Bostonians aroused themselves, broke the ice, and allowed the ship to sail on scheduled time. The event, however, was ominous, for later the Cunard line decided on New York in preference to Boston, and for three years no regular steamship plied directly between Boston and Liverpool. Boston had already lost to New York not only much of the distant oversea trade, as for instance to the Orient, but the service of fast liners to England. The movement of merchants from Boston to New York was prominent just before the Civil War. The records of the Boston Board of Trade constitute one long chronicle of unsuccessful rivalry with New York. And yet as late as 1857 Boston proudly displayed figures showing that, while 2842 ships arrived in her port from foreign countries, only a few more, 2990, entered New York. And the claim that was

Boston
vs.
New
York in
shipping

Early
19th
century
1844

1868-71

1830-60

made then was that half the ships arriving in New York from China were owned in Boston.⁶ This was a damaging confession of the superiority of New York as a trading center, with which Boston ships found more profit in trading than with the home port.

Boston
vs.
New
York in
hinter-
land
trade

In hinterland trade as well as in extended commerce did Boston contend with New York. Up to the time of the railroads, Boston's chief trade was in Massachusetts,⁷ largely indeed in the eastern part of the state. The Connecticut River directed the trade of the states of Connecticut, New Hampshire, and Vermont more to New York than to Boston;⁸ and Long Island Sound provided a safe route from Rhode Island and Connecticut to New York. But railroads saved the day for Boston. Her tea merchants may have gone to New York, as we have seen, and many of her commission houses too, but local trade was gradually centered in Boston, so that New England became something like an economic unit. Although New York is still a keen competitor for New England's trade, and still has much of it on the westward fringes, especially in Connecticut, Boston possesses the key to the situation.

Boston's
inde-
pendence
in manu-
facturing

1850's f.

With a firm hold upon the trade of the hinterland, Boston had still to fight to prevent itself and its area from becoming the industrial tributary of New York. The danger was that New England would become the workshop of New York, making the cloth that New York sold elsewhere either in the piece or as finished garments. In this contest Boston lost very largely as far as textiles (especially cottons) were concerned, but its developing boot and shoe industry gave it a measure of independence that is very real and very striking. The manufacture of small metal parts, certain kinds of machinery, and a host of miscellane-

ous articles, helped to round out the industrial development of the Boston metropolitan area.

Boston contested just as strenuously New York's ambition to dominate the whole American market, especially in the South and the West, as it did New York's designs upon New England itself. When the railroad lines from Albany to Buffalo were finished, Boston had a railroad ready to seize its share of the western trade. Both Boston and New York consolidated their respective railroad systems for the competitive advantages involved. Efforts were made to have the Grand Trunk Railroad of Canada locate its terminal at Boston. And when New York favored a canal around the falls at Niagara, to further the Great Lakes trade centering in New York City, Boston objected. But Boston had one very serious handicap: its hinterland was hilly and the haul of goods up grade was expensive. Boston, too, is a hundred miles farther from Chicago than New York is. Accordingly, railroad rates on goods from the West were higher than to New York. For instance, it cost ten cents a barrel more to ship flour from Chicago to Boston than from Chicago to New York.⁹ Accordingly, Boston's percentage of the export trade of the West has not been so high as New York's.

In financial matters Boston and New York have been rivals. New York's business might be greater, but New England's saving propensities were to be reckoned with. The situation is similar in the case of London and Paris. London has drawn its resources from the great gains of Englishmen; Paris from the savings of Frenchmen. The people of New York and Boston used their financial resources not only to develop their own hinterland but to build railroads and telegraph and telephone lines in the

Boston
vs.
New
York in
South
and West
1842

1856

1863

1881

Boston
vs.
New
York in
finance

West. Here the two competed, with what comparative success it is hard to determine. It was said that Boston just about equalled New York in the amount invested in state and national banks, but that it was far behind in the money available for call loans and in bankers' balances.¹⁰ The victory was New York's and it has been remarkable, but it was a victory that involved not Boston's financial subordination but merely inferiority. When the banks were given a chance to express their preference for a financial center, 287 in New England voted in favor of Boston while only 106 voted in favor of New York, most of the latter being in Connecticut.¹¹

On the south, New York's competitors were Philadelphia and Baltimore. President Washington is reported to have said that the commercial cities of Baltimore and Washington had great futures, that New York would maintain its eminence and that Philadelphia would decline.¹² No part of this prophecy has been quite fulfilled, except that Philadelphia would decline—that is, relatively. At one time Philadelphia was not only the political capital of the United States, but the most populous city, and the one regarded as the most eminent commercially and financially. Gradually its leadership has passed to New York. The two cities competed for foreign commerce, for the trade of the intervening territory, for the grain of the Genesee Valley, the coal of eastern Pennsylvania, and the foodstuffs and raw products of the great West. As we have seen, the competition for western trade, first to round out their territories and later to develop domestic inter-metropolitan trades, led to the construction of highways, canals, and railways. The long period of struggle was practically closed in the decade before the Civil War by

1886

1914

Phila-
delphia
vs.
New
York

Late 18th
century

Since
about
1790

the unquestioned victory of New York. Its dramatic period was 1851-54, when New York finished the Erie and the Hudson River Railroads and obtained rail connections with Chicago, and when the Pennsylvania Railroad was completed from Philadelphia to Pittsburgh. Both Chicago and Pittsburgh had been accessible by a combination of rail and water service, but now they were linked with the east by all-rail routes. Chicago, however, was 900 miles away and Pittsburgh only 350. The difference in the distance roughly marked the extent of New York's victory.

The contest between New York on the one hand and Philadelphia (and Baltimore) on the other was continued in a long-drawn-out series of rate wars¹³ lasting down almost to the present time. Baltimore was nearest to Chicago, the great shipping center. Philadelphia was just a few miles farther, and New York almost a hundred miles farther still. New York argued that, though the railroads serving its competitors did not have to haul the goods so far, they had to carry them up and down steep grades. On the other hand, Baltimore and Philadelphia claimed and actually had the advantage of cheaper coal. Although the rates varied from time to time, Baltimore was given the advantage over Philadelphia, and Philadelphia over New York. It was agreed that this just offset New York's advantage in lower ocean rates, and when New York lost these lower water rates it was at a real disadvantage as compared with its neighbors. It is a bit surprising to find New York with so large a percentage of exports and imports still looking so jealously to its neighbors' advantages.¹⁴

In finance, Philadelphia had the headstart, an inheritance from the days of town economy. The First

1851

1853

1854

Since
about
1874New
York and
railroad
rates

1791-1811

1816-36

and Second United States Banks were located there, while only branches existed in New York and Baltimore. But the national banking system made New York the sole central reserve city, in recognition of its outstanding position, and Philadelphia and Baltimore just reserve cities. When the banks were later asked to state their preference for a Federal Reserve city, twice as many located in New Jersey voted for New York as for Philadelphia, and even a goodly number in eastern Pennsylvania preferred New York. Baltimore was not made a Federal Reserve city at all. New York's financial pre-eminence is now so great in the East that it has no close second. Chicago, far afield, is really a second but a rather poor one. In New York six times as much money changes hands every week as in Chicago,¹⁵ though the population of the metropolitan center of New York is only about two and one-half times that of Chicago.

Eleven
metro-
politan
units in
America

46. METROPOLITAN ECONOMY IN AMERICA. When we study metropolitan organization in America, not from the standpoint of rivalry but of present-day attainment, we find about eleven metropolitan centers with their respective areas. These are all full-grown; in other words, they have reached the financial phase of their development. These eleven are New York, Chicago, St. Louis, Philadelphia, Boston, Cleveland, the Twin Cities, Kansas City, San Francisco, Baltimore, and Cincinnati.¹⁶ The first nine of these are growing absolutely and relatively, the last two absolutely but not relatively. No one would hesitate to accept the first five and San Francisco. Only a study of the situation would add the others.

1900-20

1914

When the Federal Reserve cities were chosen, all the metropolitan centers above mentioned were selected, with the exception of the last two. We are,

of course, not specially concerned with the considerations that led to the selection of the twelve Federal Reserve cities, but the failure to choose Baltimore and Cincinnati is interesting.

Although Baltimore was founded late, as compared with some of its northern rivals, it made rapid progress, doubling its population in one decade. Its early promise has not been maintained, however, for in canal and railroad construction Baltimore lagged behind New York and Philadelphia. Then it made slight effort to extend its hinterland southward. Although its dominance over its rather restricted area westward was very real in general commerce, transportation, and finance, still its outstanding success was as a port of shipment.

Cincinnati was at first a commercial tributary of New Orleans. Later its trade developed with the eastern cities, notably with Baltimore and Philadelphia. In its manufactures it suffered from rivalry with other centers, in iron wares with Pittsburgh, in meat packing with Chicago, in the clothing industry with New York and Chicago, and in the shoe industry with Boston and Philadelphia. Although Cincinnati has developed a metropolitan organization, that organization is apparently dwindling away. Cincinnati has suffered from three misfortunes. It has no adequate water transportation; it is not favorably located for the iron and steel industry; and it is not on the main line of east and west traffic. When New York triumphed over New Orleans, Cleveland became a rival of Cincinnati. Cleveland is not greatly ahead, but both it and its area are progressing rapidly. Cleveland belongs to the future, Cincinnati to the past, as far as metropolitan economy is concerned, and as indications point at present.

Metro-
politan
units and
Federal
Reserve
districts

Baltimore
1790-1800

Early
19th
century

Cin-
cinnati

Criteria
of a fully
devel-
oped me-
tropolis

It would be worth while to determine statistically what a metropolis really is. If satisfactory figures were available, this could be done.¹⁷ The population of the metropolis would be large, as compared with the population of other cities in the district. This comparative advantage, however, would be suggestive, not final. The metropolis would have a relatively large proportion of workers engaged in wholesaling and relatively few in manufacture, when compared with other large cities in the district. And there would be a lack of any marked dependence on a neighboring center for trade and transportation. A city in which such conditions prevailed would at least be in the third phase of its development. If statistics proved that its loans to the surrounding area were large (especially its discounts of commercial paper), then it would be classed as a fully developed (in function) metropolitan center. Or we may put it this way: that city is a full-fledged metropolis when most kinds of products of the district concentrate in it for trade as well as transit; when these products are paid for by wares that radiate from it; and when the necessary financial transactions involved in this exchange are provided by it.

Detroit
and Pitts-
burgh
1920

With these criteria in mind, let us consider Detroit and Pittsburgh. The population of each of these centers, not simply in the narrow municipal limits but in the contiguous territory, is more than one million. But as compared with other centers in the district, Chicago in the first case and Philadelphia in the second, they are not so large. Although both were early trading and military posts, they have developed the manufacture, not the distribution of goods. The prominence of manufacturing in each is due to the phenomenal development of one industry, automobile

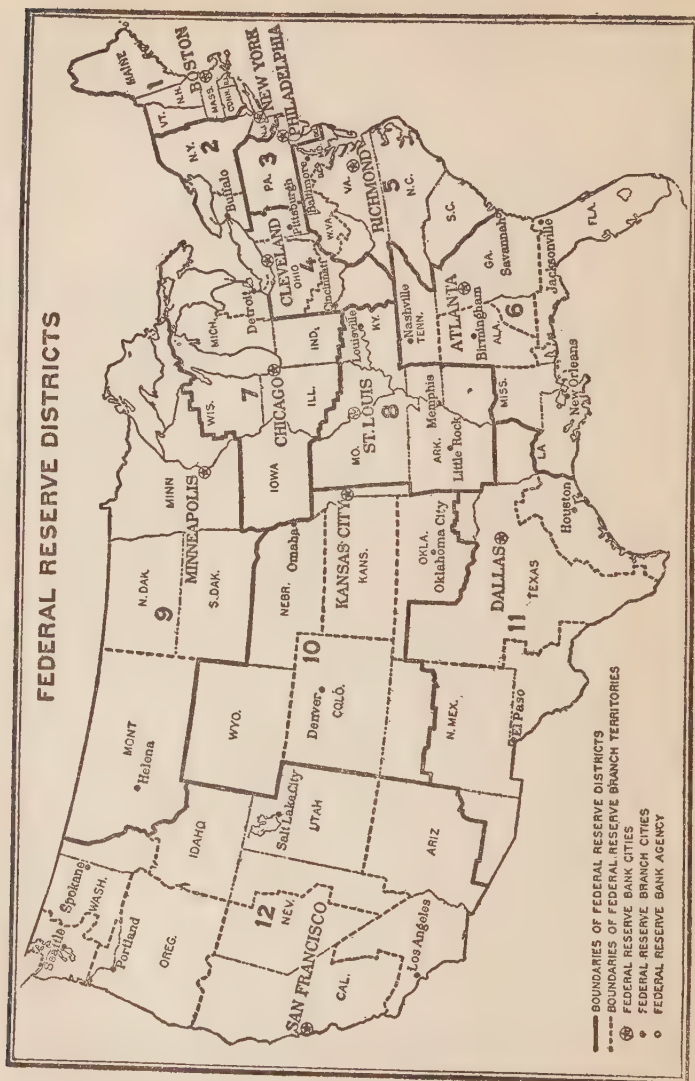
in Detroit and iron and steel in Pittsburgh. Although the capital, surplus, and deposits of the banks in both cities are large, neither can claim that it performs important banking functions for the surrounding territory.¹⁸ Both of these cities must be classed as industrial tributaries of metropolitan centers, Detroit of Chicago, and Pittsburgh of Philadelphia and New York and (to an increasing extent) of Cleveland, though they are both fairly independent and unwilling tributaries. It may be that Detroit and Pittsburgh will ultimately become metropolitan centers. Older metropolitan cities have entered the metropolitan stage as described in the preceding chapter, but there is no reason why in new countries, or in old ones at a late date, urban centers should not enter through some other avenue, in the case of these industrial tributaries through manufacturing.

A much more difficult task than discovering the metropolitan centers, is outlining their areas. This sometimes proves difficult even in the case of political states; it is much more so in the case of economic units. Often when political boundaries are decided upon, they are maintained as purely arbitrary marks of sovereignty. Metropolitan boundaries cannot thus be made hard and fast. They keep shifting with conditions, and the land on the confines of two contiguous areas is debatable territory. For one purpose it may belong to one metropolis, for a different purpose to another. The reality of the dependence of the area decreases as you go out from the metropolis: that is the essence of the whole matter.

In the accompanying map, we find the areas of the Federal Reserve districts, as somewhat arbitrarily determined by an official commission. Only because

Boundaries of
metropolitan
areas

Federal
Reserve
districts



it is suggestive, is it included here. The area, population, and banking resources of these districts are of great interest,¹⁹ but they show nothing positive about metropolitan hinterlands.

The easiest areas to determine are around Boston and the Twin Cities, though in both cases there is a strip of debatable territory. The hardest to mark off are the hinterlands of New York and Philadelphia; Cleveland and Cincinnati; Chicago and St. Louis; and Kansas City and San Francisco. The limits of the last two are hard to fix because of the undeveloped condition of parts of the areas; the others because of overlapping. In the case of St. Louis we see a clear example of a metropolis turning from fields once sought after to sections where there is less competition, in this particular instance from a northern to a southern district. In order to make this left-over territory more worth while, the chamber of commerce of St. Louis has been active in a movement for developing town trade and uplifting rural agriculture in certain parts of its tributary area.

Philadelphia is only two hours from New York. At one time Philadelphia was the unquestioned center of the economic life of Pennsylvania, but New York has so tapped the northeastern part that it is about as much in New York's as in Philadelphia's area. And so with New Jersey. One wonders whether the future is going to witness a revival of Philadelphia, or its submergence into the position of an industrial satellite of New York. For those who wish to draw the line between the areas of the two metropolitan centers, the most profitable suggestion is to follow the systems of transportation, especially where they run somewhat parallel and then veer off towards one metropolis or the other. Go to some of the towns

1914

American
metro-
politan
districts
and their
bound-
aries

Delimit-
ing
metro-
politan
districts

lying midway between two metropolitan centers and ask which is the more dominating. The first and unpremeditated reply favors one metropolis, but a second thought favors the other and so you are left in doubt.

Peculiar-
ities of
metro-
politan
districts

As one examines the metropolitan districts in the United States, he sees decline and progress, a see-saw of unending struggle, not marked by political elections or military engagements, but by advertising, the circulation of newspapers, the activities of commercial travelers, the struggles of boards of trade, rate wars, and the migration of workers and business men. The observer also notes that where there is approximate equality of function there are inequalities of resources which reflect age, natural wealth of the area, healthfulness of the climate, and character of the people. He sees, too, that some metropolitan organizations, while well rounded in their economic activities, are nevertheless distinguished from their neighbors by their more complete development of agriculture, manufacture, or mining. This is determined in the long run, not by age but by resources. The Boston area has but little agriculture, almost no mining, but a great deal of manufacture. The Philadelphia area has turned from agriculture to mining and manufacture. The Chicago area keeps a fine balance of them all.

Metro-
politan
economy
in the
South

In 1852, it was stated that there were "no interior markets" in the United States.²⁰ How marketing conditions have changed since that time, for, while perhaps not yet shaken down into final form, the West is nevertheless well developed, except for the Rocky Mountain section! But the South is different. Shall we say that on the whole it is still in the stage of town economy, and that its one old-time center of

metropolitan promise (New Orleans) is relatively declining? New centers will probably arise: Atlanta has already shown powers of growth and commercial and financial organization. During the Civil War the South had railroads and river systems. These met or crossed one another, but there was no economic concentration, except at New Orleans, and that was not comparable with the concentration at New York, Boston, and Philadelphia. The South during the Civil War had an effective military organization but a feeble economic system. With but few towns, and no important metropolis, the South could not mobilize its economic in support of its military forces.

47. DEVELOPMENT AND ORGANIZATION OF METROPOLITAN ECONOMY IN THE AMERICAN NORTHWEST.²¹ One of the latest metropolitan developments in America centers in the Twin Cities (Minneapolis and St. Paul) of the Northwest. When New York was competing with New Orleans in the West, and Boston and Philadelphia were trying to hold their own against their great rival on the Hudson, St. Paul and Minneapolis were not only unheard of but actually not yet established. Although settlers made claims on the sites of each at about the same time,²² St. Paul grew more rapidly. The determining factor in the growth of St. Paul has been its situation at the head of navigation on the Mississippi River, while the deciding factor in Minneapolis' development has been its location at a great waterfall. St. Paul soon became primarily a commercial center and Minneapolis largely a manufacturing town. Although the heart of the one is ten miles from that of the other, they have gradually grown together. Still administratively separate, they are, and long have been, a single economic unit, performing the

Twin
Cities
of the
American
Northwest

1837-38

one great function of concentrating in themselves the economic life of a vast area.

St. Paul
as a fur-
trading
post

1849 f.

For a short time a mere village, St. Paul soon became a trading post. Furs constituted the chief object of trade from a very early time. One cannot help comparing this place with the early Russian trading posts where merchants obtained the products not of the field but of the forest, chiefly furs. The great artery of trade, the Mississippi, runs north and south, as does the Dnieper. At its mouth is New Orleans, then St. Louis farther up, and finally the Twin Cities. Beyond to the north lies the Red River running to Hudson Bay past what is now Winnipeg, just as the Russian Duna runs northward to the Baltic. Furs and other wares in the Middle Ages were sent from the Baltic up the Duna, portaging across to the Dnieper then down to the Black Sea and across to Constantinople. And in modern times goods left the Hudson Bay district, especially from around Winnipeg, for conveyance up the Red River, portaging across to the Twin Cities, down past St. Louis, then to New Orleans, and through the Gulf on their way to London.

St. Paul
as a town

After
1857

But soon St. Paul was to become a trading town rather than a trading post. It came to supply consumers living out of town, and then even the retailers of other towns. In other words, it developed first a retail and then a wholesale trade, receiving the products of the hunt and the field in return largely for manufactured goods brought up the Mississippi, and in due time for wares manufactured in St. Paul itself.

About
1870 f.

Minne-
apolis as
a manu-
facturing
town

The other town, Minneapolis, almost from its origin a manufacturing center saw its first commercial lumber mill built in 1848, and next year its first

grist mill. Later a merchant mill was started for the manufacture of flour for sale elsewhere. St. Louis was the premier center for flour in the west, but Minneapolis early surpassed it in output. Metal industries (and woolen manufactures) were established, that promise much for the future. The manufacture of lumber was the first to be undertaken on a large scale by Minneapolis, then came flour, and finally perhaps metallic wares, each reflecting in a general way the development of the resources of the district, first the forest, then the field, then the mine.

The trade in grain was a natural concomitant of the manufacture of flour. In 1879 Minneapolis was the ninth market for wheat in America, but in 1885 the first—a position it still holds. It developed its general wholesale business in groceries, dry goods, and hardware, so that soon it was as much a commercial center as St. Paul. But while St. Paul generally looked northward and southward, Minneapolis ordinarily looked to the west. The two together in this way organized the market of the surrounding district.

In early days, St. Paul was an outstanding center for the fur trade, as we have seen, while recently it has become noteworthy as a live-stock market. In 1916 it jumped from the position of seventh in the United States to fifth, where it has remained ever since. The division of labor between the two cities, then, is not only as to areas served, a division that is very indistinct now, but as to commodities handled. While St. Paul brings in live stock, dairy products, and furs, and sends back boots and shoes and millinery, Minneapolis brings in grain, flaxseed, and lumber, and sends back flour, groceries, farm implements, and hardware.

We may perhaps say that during the first two

1854

1881

Whole-
saling
in the
Twin
Cities

About
1890

Each of
the Twin
Cities has
its spe-
cialties

1850-70

Phases of
metro-
politan
devel-
opment
1870-1900

decades of their active existence, the Twin Cities organized a general marketing system, retail and wholesale. During the next three decades, they experienced their Industrial Revolution. Their industrial development is, of course, not over at the present time, but during the period in question their manufactures came to occupy a large number of the people (though as yet a small percentage of the whole). Their industries were improved greatly in technique, notably the milling industry; they sought and obtained wider markets; and they became increasingly diversified. Moreover, it was during this same period that manufactures developed in the towns of the hinterland, at first lumber and flour, and later boots and shoes, woollens, and furniture. There has been but little actual movement of manufactures from the Twin Cities to near-by towns, largely because living costs and factory rental are still very low in the metropolis, but there have been some instances already. Even now it is possible to pick out a few towns which have developed manufactures to such an extent that we may call them industrial tributaries. Up to date they do not compare with the industrial tributaries to be found in the hinterland of Boston, New York, Philadelphia, Chicago, or Cleveland, but they have gone far enough to indicate their probable future.

Trans-
portation
phase
1870-1900

While in older districts, for instance, in England and the Atlantic states of America, the Industrial Revolution preceded the revolution in transportation, in the American Northwest these two movements were synchronous. At first transportation was by river. A regular packet service between St. Louis and St. Paul was established in 1847, but occasional steamboats had come into the district since a very

early date. In one year there were more than a thousand boat arrivals in St. Paul. Both Lake Superior and Lake Michigan were accessible by highway before the advent of the railway. It is the development of the network of railways centering in the Twin Cities, and connecting with Chicago and the East, St. Louis, Winnipeg, and Seattle, that brought about the revolution in transportation, made settlement more general, and enabled the infant towns to take up such manufactures as they were suited for. 1858

The first railroad to approach the Twin Cities was from Chicago, the "Rock Island," reaching the Mississippi far to the south. The Cities could now easily reach Chicago, even New York and Boston, by a combination of boat and rail. Milwaukee, the ambitious rival of Chicago, was also racing to the Mississippi. Local railroads, which had been constructed first between the Twin Cities themselves, and later southward, finally connected with a Milwaukee road, thereby giving to the Twin Cities an all-rail route to the Atlantic seaboard. This was the realization of a generation of dreams and a decade of plans. One more victory for New York and its aids in the West. More lines were built till finally six railroads linked up the Twin Cities with Chicago and the East, and two others provided connections by way of northern routes. Railroads were rapidly built to Lake Superior, thereby providing rail and water transportation to New York and Montreal. 1854
Early railroads
1867
1870 f.

By 1875 steamboat service was no longer vital, and regular trips have at least been discontinued entirely. Such railroad lines as had been opened up changed the direction of trade and at the same time cheapened transportation, but they did not provide the Twin Cities with the network of railroads neces- Since 1918
Later railroads

sary for independent metropolitan existence. That came later. Lines were constructed in all directions, reaching Winnipeg to the north in 1878, and the Pacific with one road in 1883 and another ten years later. The rest of the history of railroads in the district has to do with construction of branch lines, rate wars between competing railroads, and struggles between rival cities for advantages in rates eastward. It is true that two railroads were constructed to connect with St. Louis but they have not developed much inter-metropolitan business. The Twin Cities, in their endeavors to obtain favorable rates eastward, never forgot, however, nor allowed the rate-making authorities to forget, that they had a choice of more than a dozen different routes to New York, one set of routes southward to St. Louis and New Orleans by water or rail, a second group all-rail *via* Chicago, and a third group of either rail or a combination of rail and water by way of the Great Lakes. In general, this fact has had great weight in securing advantages for the Twin Cities.

1879
and
1902

1870-1900

Storage
in the
Twin
Cities

During the period of three decades in which the Northwest experienced such great changes in both transportation and manufacture, there grew up a system of storage that is striking to the eye and stimulating to the imagination. In the earlier period commodities had been held in stores till sold, and products were kept in barns, bins, and flimsy warehouses of limited capacity. But as the great mills developed, lumber was stored in vast quantities in yards covering acres of ground, and grain piled high, thousands of bushels on other thousands, and linseed and linseed oil held in enormous tanks. All this is not the exception but the rule. One of the functions of the metropolis is to store up, to suit the

convenience of consumer, retailer, wholesaler, manufacturer, or transporter. This storing may be done by the person or firm concerned with using or disposing of the goods. Or it may be done by specialized warehousemen, those who store the goods for others. When Minneapolis was only or chiefly a flour center, the storage of flour was of the first class, but when it became a grain as well as a flour city, there arose specialized elevator men. To-day elevators are owned not only by flour mills, grain merchants, and railroads, but also firms storing for the public and having no interest other than storing. Thus in the grain trade we often find the following functionaries, the farmer or original producer, the town grain elevator that buys the grain, the railroad that transports it to the metropolis, the public elevator that stores it, the grain commission agent that sells it on the grain exchange to the miller who grinds it and sells it as flour to a jobber in one of the larger towns in the area, who sells it to the retailer in a near-by town, who finally disposes of it to a townsman living within a mile of the farm on which the grain was grown. Each of these is a specialist, the public elevator man being merely a late addition. And these, indeed, are not the only ones concerned in the business of providing the consumer with flour, for there are the banker, transporter, telegrapher, and postman, who all play a part.

Gradually to meet the needs of trade, transportation, and agriculture, banks were established, the farm loan business begun, and a commercial-paper house opened up. Although banks in the Northwest kept some balances in the banks of the Twin Cities, they probably kept more at first in those of Chicago and New York. Line or chain banks, which have already been considered in the preceding chapter,

About
1881

Estab-
lished
1881

1853
1874
1895

Financial
growth
of the
Twin
Cities

About
1890's f.

were established with headquarters commonly in the Twin Cities. One firm would set up a whole line of banks somewhat resembling a line of grain elevators, one in every important town reaching out to the confines of the district. The effect of this is, of course, somewhat like that of the branch bank system in Britain. Although each bank is separately incorporated and has a separate capital, the management is centered in the metropolis, when the head office is located there, as is commonly the case. Until recently there were several scores of banks held together in such chains. Though they give the metropolis added influence, they do not ordinarily concentrate capital in the Twin Cities, except for the keeping of reserves there, but on the contrary radiate it from the metropolis, or at times from the older and more prosperous parts of the hinterland to the newer communities, especially in North Dakota. Occasionally, it is true, when a chain system wants to have specially liquid assets on hand, it buys commercial paper in the metropolis, but ordinarily its business is to transfer the cheaper money of the metropolis, or cheaper money from other metropolitan districts, to those sections of the hinterland where interest rates are high.²³

1889
About
1900

The
Twin
Cities as
a Federal
Reserve
center

1914

It was not for some years after Minneapolis and St. Paul had been made reserve cities, that the banks of the hinterland actually kept very large reserves in the metropolitan center. It will be recalled that the hinterland, or country, banks were merely permitted, not required, to keep their reserves against deposits in the banks located in reserve cities. But when the Federal Reserve system was set up, conditions were changed. Henceforth the hinterland banks were compelled to keep part of their reserves in the Federal

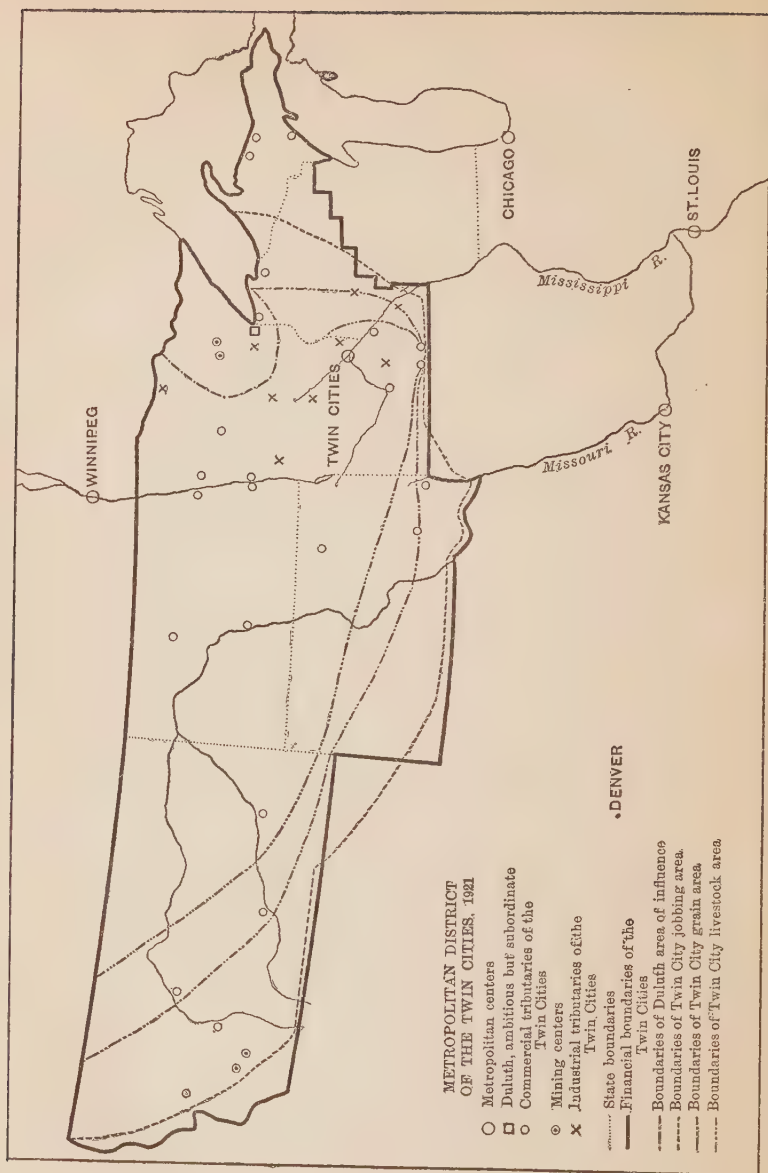
Reserve Bank located in the Twin Cities. The commercial paper discounted by the banks located as well in the hinterland as in the metropolis, could be rediscounted in the Federal Reserve Bank. In short, the Twin Cities are now a well-developed financial center. It is true that in the autumn they may have to borrow from Chicago or New York to help dealers buy the grain that floods the market, but it is also true that at other times they have a surplus to loan to the eastern cities. In other words, though well developed, they are not isolated, for no financial centers are ever cut off from their fellows: in fact, the tendency is toward greater and greater financial interdependence.

The metropolis has not attained a position of great resources. This will doubtless come with the development of the area. But all the metropolitan functions are performed. There is even a small Stock Exchange, never very active, at present just managing to exist, but ready to spring to the front when the time comes.²⁴

The
Twin
Cities
a full-
grown
metro-
politan
center
1909 f.

The metropolitan area, or hinterland, of the Twin Cities is shown in the accompanying map. It is one of the largest of districts and smallest of populations in the United States. It is best developed nearest the metropolis, and shades off into primitive agriculture, lumber camps, and mining ranges. In spite of this newness and rawness, it is a full-fledged metropolitan unit, grown up partly in imitation of other units, using their mechanism and traditions, and above all the mechanical devices of transportation that make rapid settlement and development possible. As the geologist looks over this area, he divides it up according to prevailing formations and soils. The political scientist notes that it consists of four states and a part

Hinter-
land of
the Twin
Cities



of a fifth. But the economist is impressed with the essential unity of the whole area. The heart is the metropolis. Beyond it lie the tributary towns, and outside of them the vast area devoted to agriculture, cattle raising, lumbering, and mining. The economic life is focused in the towns and these in turn concentrate it in the metropolis. The counterpart is, of course, the radiation outward from the metropolis through the towns to the whole area.

In all of the important towns there are both trade and manufacture. But some of these towns are outstanding commercial centers, while others are essentially industrial. A few of them, in their most enthusiastic moments, have ambitions of rivaling the metropolis itself. Duluth is a petty principality with a few mining villages to the north and an agricultural district to the west, doing a nominal homage to it. Mankato calls itself the metropolis of southern Minnesota; Grand Forks has carved out for its territory a large slice of the northern part of North Dakota; Fargo takes the southern part. All of them are minor eddies in the whirlpool of business, just as the whole area is but one metropolitan unit in the United States. Each one also has some financial as well as commercial importance. Only one branch of the Federal Reserve Bank of the district, however, has as yet been established—at Helena. Although the town of Helena is not advancing so rapidly as others near-by, it is the capital of the state (Montana) and hence of some financial importance; and it is conveniently located for doing the banking of that part of the Twin City area most remote from the metropolis. One great advantage in a branch bank is that it looks after the peculiar needs of the immediate neighborhood, in this case mining. And it

Towns
tributary
to the
Twin
Cities

serves the further purpose, no matter how slight, of keeping the outpost looking to the metropolis, rather than to any other center. Remembering that the San Francisco area, only a little larger and more populous than that of the Twin Cities, has five Federal Reserve branches, we must admit that the metropolitan unit in the Northwest is fairly compact and well centered in the Twin Cities.

Excep-
tions to
metro-
politan
concent-
ration

And yet the metropolitan unit is not a perfect formation. Man's creations, like nature's, are irregular and admit of exceptions. The study of these exceptions only demonstrates the rule. They may be mentioned not because they are peculiar to the Northwest but because they illustrate the kind of exceptions that occur generally in metropolitan economy. Although towns in the area normally send their surplus products to the metropolis, they do not send them all. The creameries quite near the metropolis send all their output usually to that center, but others farther away ship directly to distant markets. Barron (Wis.) sends its surplus to Buffalo (N. Y.); Albert Lea (Minn.) to New York City. The granite cutters of St. Cloud (Minn.) ship tombstones to every state in America. Duluth sends its iron ore directly to the East by lake steamers, and it buys and distributes hardware and some groceries independently of the Twin Cities. Copper mining in Montana is managed from Boston and New York. The bankers of the Twin Cities have been so busy financing lumber, grain, and live stock that they have somewhat neglected mining. Such are the exceptions to the system of concentration.

There are similar exceptions to the radiation of goods from the metropolis. The larger stores in the towns of the district buy women's clothing directly

from New York, men's directly from Chicago, where the styles are best and specialization most marked. Shoes are frequently bought at a distance, finer shoes for both men and women in the Boston area, women's shoes in Cincinnati, men's shoes in St. Louis. But in the smaller stores and in those carrying general merchandise, everywhere goods are purchased from the metropolis. And many of the commercial houses that are located in other metropolitan centers have established branches in the Twin Cities, knowing that, if they do not set up such branches, sooner or later rival houses will start up there and take their trade, aided by the advantage of lower railroad rates and better service.

Excep-
tions to
metro-
politan
radiation

On closer examination many of these exceptions are found to cover only part of the business. Firms that boast their independence of the metropolis of their district in the marketing of wares are found dependent upon it in the purchase of supplies and in negotiating loans. Somewhere along the line of practically every concern's business there is an element of dependence on the metropolis, in purchase or in sale, in trade or in finance.

Excep-
tions not
entirely
excep-
tional

Part of the area that lies as tributary to the Twin Cities has revolted, like tributaries to other metropolitan centers. The Non-Partisan League, originating in North Dakota and once strong throughout the area, and indeed somewhat beyond it, has challenged the dominance of the Twin Cities. The grain elevators of the Twin Cities, the banks, and business men generally have been denounced for their greed and high-handed methods. Secure in their monopoly of certain kinds of business, they doubtless have been greedy, but they have also been conservative and careful, and some of the criticism is due to this fact.

About
1916

Hinter-
land in
revolt
vs. the
Twin
Cities

1920 f.

Fargo more than any other town is perhaps the nest in which the revolt was hatched. And it is noteworthy that that city is ambitious to become commercially independent of the Twin Cities and even to oust them from part of their present tributary area. The Bank of North Dakota is planned in part to bring about emancipation from the financial dominance of the Twin Cities. A big packing plant has been built to rival St. Paul's, and a large flour mill to grind North Dakota's grain otherwise generally sent to Minneapolis or Duluth has been begun.

Such
revolts
not new
About
1750

This hostility to cities that possess commercial dominance is, of course, not new. The governor of South Carolina complained long ago of New York and Philadelphia's drawing off all the money.²⁵ The Grange was in part a protest against the position of Chicago. And the American Revolution was in its economic aspects a protest against the dominance of London, as maintained by the Navigation Acts.

Direct
or non-
metro-
politan
market-
ing exists
in the
Twin
City
district

In emphasizing the concentration in the metropolis and radiation from it, we are dealing with that complicated metropolitan mechanism that demands the co-operation of many specialized traders. This emphasis is proper, because such indirect trade with its many middlemen standing in between original producer and final consumer is characteristic of the new organization and indeed has led to the protests mentioned above. Nevertheless, there is still a good deal of non-metropolitan trade—that is, in goods that do not enter into the metropolitan marketing machinery. Some of it is directly between consumer and producer, small in amount but not negligible. For example, occasionally farmers still bring some of their products (such as potatoes) to the towns and to the metropolis, delivering to the very door of the con-

sumer. And as pavements are being built, farmers' sons and daughters sit by the wayside with their fruits and vegetables to sell to the passing motorist. And some of them drive a thriving trade. Some American towns maintain consumers' markets, but there are few, if any, of these in the Northwest. The retailers' market is more common, a place where producers sell to retailers, either shopkeepers or hucksters. Such a market exists in Minneapolis, but it is not large. Most of this kind of trade between producer and retailer probably occurs in the small towns where the farmer still takes his eggs, fruit, and vegetables, for sale to the retailer who disposes of them to consumers in the same town. A few grist mills still exist in the Northwest: small mills grinding the grain of the farmer and giving him back the flour or meal. But these are passing away, for farmers sell nearly all their grain for grinding in merchant mills in the Twin Cities, or for sale through Twin City grain dealers. The flour they buy for their own use frequently comes from Twin City mills, as we have already noted. But more and more the farmers are buying bread in the town, generally made in the town itself, but sometimes shipped out from metropolitan bakeries.

This restricted, or non-metropolitan, trade is characteristic of town economy, but it exists within the metropolitan area both in Europe and America. It has one great advantage: perishables can quickly pass from producer to user, and if for no other reason, will, or at least should, remain as a valuable supplement to metropolitan trade. But in general, the tendency is away from family and town independence in trade. The drift clearly is towards specialization.²⁶ In this system each person does chiefly one thing, he produces for a market. He sells a few commodities and buys

Special-
ization in
the Twin
City
district

the rest. The farmer in the Northwest, when near a town, sells his cream and buys butter, sells his grain and buys flour, sells his wool and buys cloth. Though he still cans his own fruit, stores away his own vegetables, smokes or otherwise preserves his own pork, the farmer of the Northwest is very much a part of the commercial and financial machinery of the day. Metropolitan economy is not an organization for merchants and bankers but for all within the unit. The miner and the farmer, the lumberjack and the rancher, the retailer and jobber, the wholesaler and banker are all functionaries in the metropolitan organization. Their own special businesses are a part of private economy, but they are from another point of view mere cogs in the wheel of public economy.

Private economy 48. PRIVATE AND PUBLIC ECONOMY. Economy means management (or relationship) in production, not unchanging but long-lived, whether fixed by law or pledge or left to habit and interest. Private economy is the relationship of individuals within a unit of production, such as the household, the farm, the factory, the store, the warehouse, and the railroad. For the sake of efficiency these units are maintained. Within the units, especially the more highly organized, there is a gradation of authority and a division of labor.

Public economy Public economy, on the other hand, is the relationship of these private units, which makes possible co-operation or collaboration in production. It is distinctly exceptional for man to live alone. It is not only unsocial but uneconomic. Hermits there have been perhaps in all periods of history. Because of shame, great grief, or religious fanaticism, men have withdrawn from their fellows to live alone. But usually people plan not only to co-operate with others to form units of production but they devise

ways and means whereby those units can effectively co-operate with one another for the benefit of all concerned. The earliest instance of this was collectional economy, next cultural nomadic economy, then village, town, and finally metropolitan economy. All of these are types of public co-operation that have been unconsciously devised, most efficiently to serve the material interests of those concerned. In the progression from one stage to another, individuals have overcome natural elements, divorced themselves from famine and severe want, specialized in employments, and become more and more dependent upon their fellows for material existence. Nature has been bountiful, even lavish, but not everywhere at all times. By means of storing from season to season, by transporting from place to place, severe wants have been removed according as people have passed from collectional to metropolitan economy.

Already integration in production has made some headway. Packing companies own and operate fruit farms, packing or canning plants, and wholesale houses. The United States Steel Corporation owns mines, railroads, steamships, smelting works, and rolling mills. Yet metropolitan economy stands. For a time such a great concern as the United States Steel Corporation may give Pittsburgh on the one hand and Duluth on the other a position of some independence, may in fact be unmetropolitan in its influence. But the forces of economy of production (including transportation) will in all probability change the situation. The same company has bowed before the metropolitan position of Chicago and established works at Gary. It has lately erected a plant at Duluth which in time will probably supply the Twin Cities with cheap raw materials.²⁷

Integra-
tion in
produc-
tion

1906

1915

Econ-
omies of
metro-
politan
trade

Even if in some remote period nations become socialistic, the people owning through one or more agencies all the units of production, the economies involved in metropolitan trade would not be altered. The concentration of the exchange of goods and services in large centers favorably located, and the corresponding radiation of other goods and services from those centers, would still persist.

Private
economic
units
within
the public
metro-
politan
organ-
ization

The farmer of the American Northwest marketing his crops through the Twin Cities, the factory in Worcester (Mass.), selling its goods through a Boston agency, both constitute a private economic unit and at the same time are parts of a metropolitan public economic organization. The private exists within the public, like the cells within the organism, the wheels within the machine, the provinces within the political state.²⁸

Duality
of eco-
nomic and
political
organ-
ization

49. ECONOMIC AND POLITICAL ORGANIZATION. While man works out his salvation in private and public economy, he still finds time to play a political part. In public life there is this perennial duality of economics and politics, often, indeed, two sides of the same coin. The individual plays his role in metropolitan economy, as we have seen; he also is a citizen of some national or imperial state. It is true that some races are stronger in one field of activity than another. This is illustrated by the merry slander that the Jews own New York but the Irish boss it. The most successful people obviously are those who maintain a balance between economics and politics.

Parallel-
ism of
economic
and po-
litical
devel-
opment

As man has evolved one economic organization after another through the five stages ending in metropolitan economy, he has created political organizations in the same way to suit his varying needs. In

the accompanying table we find synopsized the changes in both economic and political life.

ECONOMIC AND POLITICAL DEVELOPMENT		
One Type ²⁹ of Political Development	Economic Development	A second Type of Political Development
1. The clan	1. Collectional econ- omy	1. The clan
2. The tribe	2. Cultural nomadic economy	2. The tribe
3. The "city" state	3. Settled village economy	3. The territorial state
4. The empire	4. Town economy	4. The national state
	5. Metropolitan econ- omy	5. The imperial state

To explain this table fully would be to recount much of what has been said and to anticipate something that comes later. We cannot escape noting the interrelationship, the way in which economic changes prepare for political changes, and the way the new political order facilitates the incoming of a new economic organization. Let us take but one illustration of this. The territorial state, such as France and England in the early Middle Ages, was a territory held together dynastically but without a national feeling, organized to wage chiefly defensive wars. But when the village developed into a town and movable property was greatly increased, then the resources of the state became large. Taxes could be levied and goods secured for waging wars or conducting other enterprises. The government became strong and actually led the people. National feeling was born under such circumstances. And then within the fold of the national state, with its orderly government, the town had an opportunity to grow into a

Causal
relation-
ships

metropolis, to surround itself by a large area economically subordinate. The counterpart of the enlargement of the area at home was the development of extended trade wherever possible, for, as we have seen, the two go together. The influence of the metropolis, in other words, was in the direction of an empire. The metropolis cared little for national lines: it took out of the state as much as it wanted for its area and left the rest to develop as best it might. It likewise found itself compelled to expand abroad for raw materials and food and for customers for its own products. So beset have historians and economists been with political considerations that they have not discerned the economic forces working from within, inevitably creating political situations and as inevitably taking advantage of them. They have not generally recognized that the town makes the strong nation possible, and they have not at all observed that the strong nation enables the metropolis to grow, and that metropolitan forces sooner or later lead to the growth of empire. In their obsession with politics, some have come to see in the nation (or the state) a national unit of production, and they have spoken of national economy as one of the great stages of economic development,³⁰ following, or coming soon after, town economy.

National
economy
as an
organ-
ization
of pro-
duction

National economy, in this case, means a national organization of productive agencies, the various units of production lying within the nation itself (the farm, the factory, the steamship line), depending upon one another in some special way. According to this concept there is a national division of labor, a national exchange of goods, in short, a national market. And some have found a nucleus or center for this national market. But an examination of this theory, in the

light of the information already presented, shows that it will not stand. The national center, such as London in England and New York in America, is losing relatively as other nuclei grow up, or as we should say, as other metropolitan marketing systems arise. Moreover, trade has never been really national. The boundaries have never bound, high as the tariff walls have been at times. More and more is our dependence on foreign nations becoming a factor in our lives. The division of labor is not national and still less international. It is rather metropolitan, as we have already seen.

And yet "national economy" is a phrase which we should not throw over entirely. We may safely use it to reflect a national policy rather than a national economic organization, an ambition rather than a reality. In the time of town economy, the national economic policy was largely one of revenue. Later the nation caught up with the town in its thinking and adopted town economic policy, applying it to itself in the form of mercantilism, as we have already noted. The developing metropolis gradually made itself felt in the councils of the nation, and in place of mercantilism, has substituted laissez-faire or liberalism, not entirely but in large part. And on the horizon some see the darkening cloud of Socialism, as the fourth and newest national policy. It may be noted in passing, that each policy is a reaction from the preceding one. In the revenue period economic life was but little directed or turned aside by national considerations. In the mercantilistic state, careful guidance was the rule. Liberalism is somewhat a return to the revenue policy; and Socialism is not unlike mercantilism from the standpoint of governmental interference with private initiative. To each

National
economy
as a
national
policy or
ambition

of the four policies the term "national economy" may properly be applied.

National
economy
as a
national
adminis-
trative
organ-
ization

We have found that there is no justification for the use of "national economy" as an actual organization of business, but that it is properly applied to various national ambitions or policies. It has another very proper use, as a national administrative organization of economic life. For more than a thousand years the governments of England and France, or what roughly corresponds to them, attempted to serve the people in economic and other affairs. In an indirect way the state was of some assistance in business by its laws of weights and measures, bread and ale, contract and trespass. In a direct way it has served economic life by providing a coinage system, courts of justice, and, in modern times, a post office. Possibly such assistance is to go much farther. The logical development of it looks like Socialism in whole or more likely in part. All the utilities above mentioned are national, in so far as the expense is met by the national unit and in so far as there is more or less uniformity in their spread over the nation. But all these administrative utilities are effective only in village, town, or metropolitan actual service. If these same utilities were provided by half the state, or by a group of states, such as the Latin League, or by a world state, their effectiveness would still depend upon the public economic unit in existence. Regulation or administration we must have, but provided the unit is big enough and really efficient, it does not matter much what other attributes it may have. There was for a long time a tendency toward a national unit. Now there is a drift toward a world unit, though it is likely that the national state will long continue to serve the prevailing public economic

unit, whether it be the town unit in China or the metropolitan unit in England, the town unit in the southern part of the United States or the metropolitan unit farther north.

National policies and political administrations, reflect many sides of our complicated human needs, of which the economic is but one, though the most fundamental. Man plays as well as works; he worships as well as produces; he has prejudices against other nations at the same time that he seeks their trade. He is willing to wage a war for dynastic reasons, to aggrandize his race, to extend his culture, and to enrich himself and countrymen. Political and economic organizations develop side by side, distinct but not separate.

Multi-
form
human
activities

Governmental or administrative powers have been delegated to economic units and may be again. The collectional and cultural nomadic groups seem to have had such governmental authority as existed, barring perhaps the most important affairs of peace or war. The village group was not only a productive but an administrative unit, the unit of justice and often of finance. The town economy group, consisting of the town and the surrounding territory, actually coincided with the political unit in the ancient world and also in medieval Italy. In the territorial states of medieval and modern Europe, both the tribal and later the feudal institutions tended generally to keep the towns from controlling the near-by district. The towns themselves were administrative units within their walls, but they were weak indeed without dominion over the districts on which they most immediately depended. And yet either through encroachment or by the grants of the sovereigns themselves, some towns did come to control the districts round

Economic
units as
adminis-
trative
units

Will the
metro-
politan
unit
become
adminis-
trative?

about, as in Spain, the Netherlands, and parts of Germany. But this control was feeble when compared with that existing in contemporary Italian towns. The point at issue is, of course, that there is a strong tendency on the part of economic units to become administrative units and that the present metropolitan unit (of metropolis and hinterland) may in time do as its predecessors did. But of this there is no certainty, and indeed weighty arguments are to be brought against it. The varying size of the metropolitan area would at present create difficulties in making it an administrative unit. And it would be hard in some cases of incomplete development to decide on the most likely metropolitan center, notably in the southern part of the United States, and even in the borderland between the North and the South. And yet, remembering that metropolitan economy is still young, and believing that its organization and area may be some day further crystallized, we cannot entirely rule out the apparently remote contingency, that instead of the almost meaningless divisions of Michigan, Indiana, Illinois, Wisconsin, and Iowa, we shall have the metropolitan administrative unit of Chicago. On the other hand, history and the growth of tradition help to make provincial units into realities of prejudice and sentiment. All this brings out still further the duality of our public life, its political and its economical aspects and its slow adjustment of cross purposes to economic realities.

Political
cultural
institu-
tions

50. CULTURAL ATTAINMENTS UNDER METROPOLITAN ECONOMY. Various institutions, political, economic, and ecclesiastical, help man to attain greater cultural heights. The national school systems, the laws of the state, and the institutions that exist in the

capital, are all illustrations of political help and guidance. The city of Washington is America's political capital and its institutions and ideals have not a little influence beyond the city itself. The national Congress, the Pan-American Union, and the Smithsonian Museum are among the most important examples.

Ecclesiastical institutions have played a great part in man's cultural attainments. Ancient temples, medieval and modern churches have taught not only spiritual but intellectual and æsthetic lessons that seem to us indispensable. Although the church still maintains schools, universities, and hospitals, it is meeting very formidable rivals in political and economic institutions.

Ecclesi-
astical
cultural
institu-
tions

A few of the institutions, which we may call "economic," are survivals of town economy, notably hospitals and guilds, both performing useful services in relieving pain and educating the young. The institutions that have arisen under metropolitan economy, however, are by long odds more important than survivals from town economy, more important perhaps than the old-time town schools and academies once so fruitful in the field of philosophy and letters but now resting quietly among the things remembered but not seen.

Town
economic
institu-
tions of
culture

Because of the fact that the metropolis normally contains institutions that are political, or ecclesiastical, or survivals of town economy, it is at times difficult to isolate those that arise wholly through metropolitan economy. And, indeed, it is to be expected that at times this is quite impossible.

The me-
tropolis
contains
all three
kinds of
institu-
tions

The metropolis itself has a large and increasing population. As men have come in from the hinterland to make their fortunes in the metropolis, they

Metro-
politan
institu-
tions of
sanitation

have been confronted with the problem of housing. They have met it in the obvious way of overcrowding. They have met the problem of getting drinking water and of disposing of sewage by overtaking the old town systems. But disease soon pointed out the futility and fatality of this procedure. Accordingly improved methods of housing, providing drinking water, and disposing of sewage have been devised, that make the metropolis a more healthful place than the town ever was, more healthful even than some country districts. And this influence has been radiating out to the tributary towns and to the villages and scattered homesteads.

Metro-
politan
variety
of food-
stuffs

The concentration of the foodstuffs of a wide area, and the importations from other districts, have enabled the people of the metropolis to enjoy a marvelous variety and continuous supply of fresh fruit and vegetables. The hinterland has not only made this possible, but in making it possible has enabled the metropolis to send out to all sections such garden stuff and fruits (brought in from a distance) as were not needed by the metropolis itself. There is no way of measuring the effect of this new situation upon health, but as we are learning more about the antiscorbutic properties of fresh food we are inclined to give it great weight.

Care of
the sick

Because of the number of sick in the metropolis, and the fact that the sick of the hinterland can be easily carried to the metropolis, curative institutions have been established in and quite near that center, hospitals and special clinics that can thus serve a large public. And so, if the fresh food and good water do not fully counteract the influence of dust and soot, the citizen of the metropolis has right at his door a good place to cure his ills.

While the book is a creation of the town, the newspaper and the magazine belong to the metropolitan period. The really worth-while newspapers are usually in the metropolis, and we find them deteriorating as we leave that center for the more remote parts of the hinterland. From the economic standpoint these newspapers and magazines, dating from the 17th century, and gradually in the 19th century greatly extending their circulation within their own areas of influence, have furthered the trade of the metropolis, especially by means of advertisements. But they have from the cultural standpoint made the metropolis the concentrating and radiating center for news. Of course, some metropolitan cities are more noteworthy than others in this respect. While Boston, New York, and Chicago rank high, Cleveland, Kansas City, and the Twin Cities, are of no great importance. The rivalry between New York and Chicago to be news centers, and even literally news centers, is very real and somewhat entertaining, but so far the honors belong to the city on the Hudson. Journals

It is to the metropolis that people look for fashions in decoration, manners of deportment, new songs, new sayings, and new amusements. But here again some centers are more important than others, though that difference is probably just a reflex of age and foreign influence. Unfortunately, these changing styles and habits can hardly be put down as one of the highly cultural attainments of metropolitan economy. Their chief virtue often is their novelty. Fashions

Artists and literary men commonly go to the metropolis, as they did to the town under town economy. But in the metropolis they find a wide market for their creations, that emancipates them from the necessity of having to depend upon patrons as they did Art and science

under the system of town economy. In the metropolis these highly talented men of art and letters can associate in even more specialized groups than existed in the stage of town economy. In the metropolis there are enough musicians to constitute a society, enough literary men to form a club, and enough antiquaries and historians to form separate associations. Such intense specialization in arts and sciences, which are essentially a unit, is open to serious objection and yet those most concerned find it advantageous.

Educa- tion

In formal instruction the metropolis has no monopoly of institutions, though it may have the greatest number and the greatest variety. Universities, established in towns centuries ago, still flourish in those towns, conscious of their advantage in comparative seclusion. It is only in the metropolis, however, where you can find the combination of universities, technical schools, business schools, research foundations, museums, art institutes, and great libraries. It is this variety that ministers to the needs of students and scholars and that helps the metropolitan cultural institutions to grow so rapidly. The most populous metropolitan university is located in New York. Other metropolitan cities are not very far behind. Yet some universities located in minor tributary towns have experienced marked growth. There are state or provincial institutions providing education at a low price. They well illustrate the influence of the political factor. The metropolitan and the state universities are examples of the dual forces of economics and politics.

In contemplating the culture of the metropolis, we find it easy to overlook the metropolitan area and even the larger tributary towns and cities. Of course such omissions, especially of the larger tributaries,

are misleading. In America both Pittsburgh and Detroit, large manufacturing towns, have cultural institutions of high standing. Pittsburgh has a large university, a flourishing technical school, and a symphony orchestra, all of which, except the large university, can be matched by Detroit. And, of course, both have newspapers and journals. As we have already seen, these cities, though chiefly manufacturing, have increased both in population and wealth to a remarkable degree. It would be hazardous to say that Pittsburgh has fewer institutions of higher culture than the metropolis Cleveland, to which it is more and more subordinate. But generally speaking, the tributaries, though they may have important institutions of science and art, especially technical schools, do not, and in the future probably will not, compare with the metropolitan centers for variety of higher cultural ideals and institutions.

Culture
of metro-
politan
tribu-
taries

The explanation of the cultural attainments of the metropolis is to be found chiefly in the great wealth that is accumulated at the center. The rich metropolis itself, or the business men who have made their fortunes in its trade, provide the institutions usually located in the metropolis itself. Prominent examples of private benefactors in America are Perkins and Higginson in Boston, Girard and Drexel in Philadelphia, Morgan and Rockefeller in New York, McCormick and Crerar in Chicago, and Walker and Carpenter in the Twin Cities. Such are the patrons of art and science (not of artists and scientists). These are the princes of metropolitan economy, giving of their wealth to the purposes of higher things. In contemplating their personal economic gains, we often forget their cultural benefactions. Still more perhaps do we forget that some of the actors in the

Culture
builders
of metro-
politan
economy

drama of metropolitan economy have themselves made contributions to intellectual progress. This may well be illustrated by one class, the bankers, who perhaps have a little more leisure than other classes of business men. And, indeed, one would not need to go outside of the bankers of London. Three generations ago Samuel Rogers, poet and friend of poets, and George Grote, historian of Greece, were practical bankers in London. Somewhat later Palgrave combined actual banking with writing on the subject and editing a valuable *Dictionary of Political Economy*. At the present Dr. Walter Leaf finds time to act as chairman of one of the big London banks and to write learned books on the Homeric period of Greek literature and history. And Alfred Hoare, a partner in Hoares' bank, found time and opportunity to compile an *Italian-English Dictionary*, the best one that exists.

It is easy to become more enthusiastic about the quantity than the quality of the culture of metropolitan economy as compared with that of town economy. We should remember, however, that it took the town many hundreds of years to reach the highest in quality. Another comforting thought is that, in spite of some of the advantages of concentrating many cultural institutions in metropolitan centers, there may come about a process of decentralization such as took place in industry, a movement outward to places not only where rents are lower and living generally cheaper, but where there is more quiet and repose. Good illustrations of this are found in the establishment of Cornell University, not in New York City but in Ithaca, and of the Mayo Clinic of medicine and surgery, not in the Twin Cities but in a small town, one hundred miles away.

Died 1855

Died 1871

Born 1827

Died 1919

Born 1852

Born 1850

Quality
of metro-
politan
culture

The metropolitan period has witnessed an enormous increase in production, partly through the use of machinery and power, and partly through harder work, better organization, and more specialization. But in all cases this economic progress has been evolved in and around the metropolis. And so it is with the higher cultural pursuits that have gone hand in hand with the economic progress. It is commonly and probably rightly concluded that the increase in production has meant a somewhat larger share in benefits, material and non-material, for all concerned, master and man, capitalist and laborer. If this be true, then we should regard the metropolis as a true mother-city, mother of wealth and culture, generously bestowed upon substantially all her children.

Metro-
politan
economy
causes
both eco-
nomic and
cultural
advance

51. SUGGESTIONS FOR FURTHER STUDY

1. Study the statistics of population of the twenty-nine cities called by the census "Metropolitan Districts" (Fourteenth Census of the United States, *Population, Number and Distribution of Inhabitants, Summary of Results*, vol. I (1921), pp. 62-71). Classify the cities somewhat as follows: (a) "metropolitan centers" in the sense that this phrase bears in the present book, (b) cities of metropolitan promise, and (c) industrial and commercial tributaries.

2. Read carefully the briefs prepared by twenty American cities setting forth their claims as commercial centers, printed in Senate Document 485, 63d Congress, 2d Session, *Location of Reserve Districts in the United States* (1914). Note particularly the maps.

3. See the *Report of the Industrial Commission on the Distribution of Farm Products*, vol. VI of the Commission's Report (1901).

4. Study the *Report of the Federal Trade Commission on the Meat Packing Industry*, Summary and pt. I (1919), and pt. IV (1920)

5. Study the *Report of the Federal Trade Commission on the Grain Trade*, vol. II. Terminal Grain Markets and Exchanges (1920).

6. See *The Marketing of Farm Products* (1916), by L. D. H. Weld, especially chaps. II, V-VIII, XI, XIII, XVIII-XX.

7. See *Marketing, its Problems and Methods* (1921), by C. S. Duncan, especially chaps. III-VIII.

8. In 1854 both Cincinnati and New Orleans were called "queens" over wide areas. Which cities were their rivals at that time?

9. In the twenty-year period of 1853-1872, railroads were especially anxious to get across the Mississippi River. Two rival metropolitan cities took opposite sides, one favoring bridges, the other opposing them. Which were they and what were their reasons?

10. The business men of New York, Philadelphia, and Baltimore sought a central railroad to the Pacific (Union Pacific), those of New Orleans a southern route (Southern Pacific), and those of Boston a northern route (Northern Pacific). In what order were these railroads actually completed? Why should Boston be interested in a line from Duluth and the Twin Cities to Portland (Oregon)?

11. What stand has New York taken on the question of the exemption of American ships from tolls when passing through the Panama Canal? What have the newspapers of the inland metropolitan centers said about this? Whence the conflict of interests? What will settle the matter? Compare with this the attitude of New York to the new plan to construct a Great Lakes and St. Lawrence transportation and power system.

12. In what cities have great International Exhibitions been held since the first one in London, 1851? Consult the article "Exhibition" in the *Encyclopædia Britannica* (11th ed.). Can you classify them as (a) economic metropolitan centers, (b) political metropolitan centers, and (c) cities ambitious of becoming economic metropolitan centers?

13. Some might regard New York as a super-metropolis. On what is this position of eminence based?

14. The Federal Reserve System of 1914 was aimed directly at the dominance of New York in banking, and at Wall Street's too ready use of the country's reserves piled up in New York. Would the decentralization have come about in time even without a new law? Had it not in fact begun, 1909-13? See the Pujo Committee *Report*, the Congressional debates, the Federal Reserve Act, and journals of the day, such as *Banking Reform*, 1912-13.

15. In the light of metropolitan economic development, what inquiries should the U. S. Census Bureau make?

16. When you recall that the metropolitan chamber of commerce (e. g. St. Louis, Mo.) to-day sends agents to organize chambers in small towns with the idea that these new bodies will help townsmen and countrymen increase their earning power and their spending propensity, would you say that metropolitan development is still entirely unconscious? The greater expenditure and greater earning are made possible by trading with the metropolis. Did St. Louis make this inference advisedly? Can you find other examples of conscious development?

17. Trace the phases of metropolitan development through which Boston, New York, Philadelphia, or Chicago, has passed. What variations do you find when you compare the resulting phases with those of London? To answer this question considerable research is obviously required.

18. How is it that we can call New York the greatest marketing nucleus in America, the greatest manufacturing city, the greatest transportation depot, and the greatest financial center, and still speak of the financial phase of New York's development? Does the development of one phase of metropolitan economy mean that there is any absolute diminution in the activities identified with earlier phases?

19. Is it true to say that in the older countries metropolitan economic development was unplanned, but in the newer lands there is a considerable element of imitation?

20. The economist may be inclined to regard metropolitan

economy as a matter of market organization. Would you expect to find that the marketing area for grain in the American Northwest, centering in the Twin Cities, exactly coincides with the area for cattle, for wholesaling hardware and groceries?

21. There are at least three views as to the best basis of market studies: (a) area or population; (b) commodities; and (c) business units or firms (such as the Ford Motor Co., and the U. S. Steel Corporation). Consider the respective claims of each with illustrations of their application to metropolitan economy.

22. Can you find a purely local trade within your metropolitan district, one analogous to that of town economy? And yet, can you not almost always find in the purchase of raw materials or of machinery, some metropolitan connection?

23. Is it true that metropolitan commercial paper is the most liquid to be found? Consider the commercial paper handled by banks in the smallest towns, larger towns, and great industrial satellites.

24. Is it true that the metropolitan centers ordinarily attract the best business men? Is the hinterland—farm and town—a good preparation for metropolitan business with its breadth of outlook and numerous complexities? Why is it said that a country bank offers better apprenticeship than a metropolitan bank?

25. Study the publications of the chamber of commerce or the commercial club of the metropolis of your district. What special committees and officials does this association have? What problem does it put uppermost? Has it maps of its hinterland? Has it prepared campaigns of advertising and education to cement its hold on the hinterland?

26. Make a list of various metropolitan centers in America and elsewhere, indicating their specialties. On what does this specialization depend? Is the factor diminishing or increasing? What would be the effect of either development on inter-metropolitan trade?

27. Study your metropolitan area so as to be able to judge of its economic future. Is it the same as its neighbors? Has

it coal, iron, copper, cement, lumber, potash, cotton, flax, wheat, cattle, and fish?

28. Why is Denver not a metropolitan center? What factors determine its future? On what neighboring cities does it depend for the most part?

29. How would you draw the line delimiting one metropolitan economic unit from another? Will the development of the concrete highway, the radio, and the airplane change the area? Draw a map of your own metropolitan organization.

30. Make a map of the hinterland of some metropolitan unit in America, showing (a) cities having metropolitan promise, (b) mere manufacturing satellites, and (c) the considerable commercial satellites.

31. Is the tendency toward larger metropolitan centers and smaller metropolitan hinterlands? If so, what will be the effect upon the number of metropolitan units in the United States? Which cities will have a chance to become metropolitan centers? Consider Seattle, Los Angeles, Denver, Omaha, Dallas, Galveston, Birmingham, Duluth, Indianapolis, Detroit, Buffalo, Pittsburgh, and Providence.

32. Why is the metropolitan center a great labor market? Study the work of employment agencies, public and private, in the metropolis of your district. Locate the chief street or section—near the station is it not?

33. A large wholesale hardware company in St. Louis tried to centralize all its business in St. Louis but gave up the attempt (in favor of widely located branches), for the following reasons: (a) loss in freight on goods bought from the manufacturer, *e. g.* in New England, goods that in marketing often had to be sent back over at least part of the route over which they had come; (b) loss in freight on goods shipped long distances from St. Louis to the retailers; and (c) inability to give "service" to retailers from St. Louis—that is, frequent shipments of small lots of goods, to save retailers from tying up capital in a large stock. Study the decentralization of other businesses.

34. What is the significance of "Pittsburgh plus" in domestic freight rates in America. How does it affect Pitts-

burgh, Birmingham (Ala.), Chicago, Milwaukee, Duluth, the West generally? Compare the influence of the tariff on national comparative costs with that of "Pittsburgh plus" on local comparative costs. What would be the effect of the abolition of "Pittsburgh plus" on the various metropolitan districts?

35. Two alternative emphases have been put on foreign trade, national self-sufficiency and international interdependence. Is a similar emphasis applicable to metropolitan economy? St. Louis has been urging the farmers in its area to grow their own wheat and raise their own hogs. What is the probable (and legitimate) motive of St. Louis in this attitude?

36. Let us assume that all America has reached the fourth phase of metropolitan economy, and that each metropolitan unit has a congress or legislature. Which would be in a position to enact the more satisfactory economic legislation, the metropolitan legislature or the state legislature? What would be the chief difficulties in the way of establishing and maintaining such legislative metropolitan units? Would the attempt be really worth while?

37. Consider the various meanings of national economy: (a) national economic administration, (b) state economic policy, (c) actual production based on a division of labor, and (d) the study of economics, the *Volkswirtschaftslehre* of the Germans, or the political economy of a generation ago.

38. Draw up clear statements of the meaning of national economy, world economy, and metropolitan economy—that is, conceptions that appeal to you as the most significant.

39. Develop at length the connection between national economy on the one hand and on the other hand (a) village, (b) town, and (c) metropolitan, economy.

40. Make a list of the different businesses that are called "national": five-and-ten cent stores; Simmons Hardware Co. of St. Louis; Butler Bros., wholesalers of dry goods, of Chicago; the big packers; the Watkins Medical Co.; the Ford Motor Car Co.; the United Drug Co.; the International Harvester Co.; and the big mail-order houses. Do you not find that the spread of these concerns is very unequal in different parts of America, that many of them sell abroad as well as at home

and that in all cases they illustrate very clearly the working of metropolitan economy either in buying or selling, in the actual exchange of certain goods or in the financial transactions involved?

41. Treasure your exceptions, for if you find enough of them you may overturn the rule. So, study the instances that illustrate national economy, and those that illustrate metropolitan economy, and then decide which is the more valid concept.

42. The historian thinks of periods of time, the historical (or genetic) economist of stages of development, and the economic theorist of types. Illustrate all three points of view from a study of metropolitan economy in America.

43. How has the representation of small local units in legislative assemblies (Federal and state) affected metropolitan economy? Consider, for example, the laws against trading in futures. Determine from the *Official Congressional Directory* how many congressmen from your state come from, or have lived a long time in, small towns or country districts, remote from metropolitan centers.

44. What influences have been at work magnifying the political and minimizing the economic? Consider the propaganda carried on by sovereigns long ago in favor of a strong government, the study of Roman law, the appeal of national military events to the imagination and their enthronement in literature, etc.

45. Consider the possibilities of an international organization with British imperial organization as the political basis, and American Federal Reserve organization as the economic basis. This is, of course, pure speculation but very similar to much that has been seriously indulged in lately.

46. What evidence do you find for the belief that politics is largely a camouflage for economics? Consider local or sectional conflicts in the United States, and class conflicts both in Europe and America.

47. What is the value of the division of trade into inside and outside commerce—that is, trade within the group (village, town, or metropolitan) and trade between the groups?

What light does this throw on the so-called world-economy or world-market?

48. What illustrations are to be found of popular fear of metropolitan institutions? Are these examples, London commercial companies, such as the East India Company; the First U. S. Bank (1811); the Second U. S. Bank (1836); and Wall Street (1907-1914)? Add to these from the history of the West.

49. Study Wallace Rice's remarkable ode to Chicago, printed in part below. Do you accept the picture? Compare similar enthusiasms for villages and towns. Are they usually written before or after the heyday of the institution described?

Mother, Mother and Queen, beautiful, strong, and alert,
 Rich in motherhood's riches, in diligent children and wise,
 Clad as the mighty are clad, with azure and sable engirt,
 Wonder of waters about you, and swirling of toil-laden skies,

Beautiful are you with labor, that children of men may be blest,
 Lovely as mothers are lovely in youth with a child at the breast,

Comely with duties fulfilled and glorious justice beyond,
 Mystic and wistful with dreams, noble ideals and fond!

Royal your rule and secure over a broadening realm,
 Workshop and coffer and mart, palace and play-ground and street,

Circled by ocean-like prairies that suns of summer o'erwhelm
 League upon league with harvests waving and golden and sweet.

50. Classify the cultural institutions of some metropolitan district according to the support that they receive, or according to the agency that originated them, somewhat as follows: ecclesiastical, political, economic (town, metropolitan), social.

51. Does a study of the five stages outlined in this book throw any light on the economic interpretation of history? Does a recognition of ecclesiastical and political influences in any way invalidate the economic interpretation theory?

For further references see the notes below.

52. NOTES TO CHAPTER VI

1. See the *Commercial and Financial Chronicle* (Aug. 21, 1875), p. 171.
2. See the statistics of exports and imports in the annual reports on the *Foreign Commerce and Navigation of the United States*.
3. E. L. Bogart and Thompson. *The Industrial State, 1870-1893*, in *The Centennial History of Illinois*, vol. IV (1920), pp. 376-377.
4. See the *Commercial and Financial Chronicle* (Sept. 22, 1888), p. 339.
5. This does not, of course, preclude rivalry between St. Louis and Kansas City, which is very real at the present day. Some people think that this rivalry has already been settled in favor of Kansas City and against St. Louis.
6. *Boston Board of Trade, Fourth Annual Report* (1858), p. 85.
7. Cf. T. Dwight, *Travels in New England and New York* (1821), vol. I, p. 522.
8. See Nathan Hale in the *Boston Almanac for the Year 1840*, p. 87.
9. *Twenty-fourth Annual Report of the Trade and Commerce of Chicago* (1882), p. 121. See also the *Commercial and Financial Chronicle* (May 7, 1892), pp. 744-745.
10. *Commercial and Financial Chronicle* (March 20, 1886), pp. 354-355.
11. *Location of Reserve Districts in the United States*. Senate Document 485, 63d Congress, 2d Session (1914), p. 349.
12. R. Parkinson, *A Tour in America in 1798, 1799, and 1800* (1805), vol. I, pp. 78-79.
13. See H. R. Meyer, *Government Regulation of Railway Rates* (1905), pp. 220 f.
14. See the *Commercial and Financial Chronicle* (Sept. 1, 1888), pp. 243-245; (Sept. 7, 1889), pp. 286-288; and (Nov. 2, 1912), pp. 1154-1155.

15. Based on statistics of bank debits to individual accounts, as published in the *Federal Reserve Bulletin*.

16. The choice of Richmond, Dallas, and Atlanta was a matter of expediency. They are all flourishing towns, the last one showing promise of metropolitan development.

Population of Metropolitan Centers in America

Centers	1900	1910	1920
Baltimore	577,670	663,810	787,458
Boston	1,249,504	1,531,138	1,772,254
Chicago	1,837,987	2,455,942	3,178,924
Cincinnati	495,979	567,876	606,850
Cleveland	420,020	622,571	925,720
Kansas City	228,235	369,276	477,354
Minneapolis-St. Paul.....	372,009	526,256	629,216
New York.....	4,607,804	6,566,859	7,910,415
Philadelphia	1,623,149	1,983,306	2,407,234
St. Louis	649,711	828,733	952,012
San Francisco-Oakland....	473,073	686,873	891,477

The figures given here are for the Metropolitan district—that is, the city proper and adjacent urban territory. The 1910 items are taken from the census of 1920.

17. American statistics of occupations have all been worked over and have proved interesting, but they are too defective to be relied upon.

18. In 1914 Detroit did not even put in a claim for a Federal Reserve Bank, though thirty-seven other cities did. And Pittsburgh's plea fell with a thud when rediscounting (the evidence of performing banking services for the surrounding district) was considered. See *Location of Reserve Districts in the United States*, Senate Document 485, 63d Congress, 2d Session (1914), p. 282 b.

19. Data of Nine Federal Reserve Districts.

District	Square Miles (000's)	Population in 1910 (00,000's)	Capital and Surplus of National Banks, Dec. 31, 1914 (000,000's of Dollars)	Capital and Surplus of National Banks, June 30, 1921 (000,000's of Dollars)
Boston	62	66	162	264
New York	48	91	331	898
Philadelphia	40	79	208	288
Cleveland	73	83	202	371
Chicago	171	123	220	475
St. Louis	195	87	92	150
Minneapolis (Twin Cities)	433	52	82	118
Kansas City	451	57	93	150
San Francisco	684	51	131	243

20. See G. S. Callender, *Selections from the Economic History of the United States* (1909), p. 380.

21. In the writing of this section, I am under heavy obligations to Miss M. L. Hartsough, who has written a master's thesis on the subject (University of Minnesota, 1921).

22. W. W. Folwell, *A History of Minnesota*, vol. I (1921), pp. 219, 228. Strictly speaking, it was St. Anthony that got its start at this time, Minneapolis developing on the other (west) side of the river a little later. In 1872 the two joined to form one municipal unit.

23. See above, p. 259.

24. At present (1922) the Stock Exchange is a corporation with officials in control, existing as a shell, without office or trading floor, but ready to function when the time comes. It has dealt in only local securities, chiefly of industrial corporations.

25. F. J. Turner, *The Frontier in American History* (1920), p. 23

26. This does not rule out integration in certain lines of business such as that of the United States Steel Corporation. See below, p. 315.

27. When the "Pittsburgh plus" rates have been altered.

28. If we keep the two distinct, then it becomes apparent that the stages of Karl Bücher (*Industrial Evolution*), domestic, town, and national economy, are illogical. Domestic economy is private economy, town economy is public economy, and, as will be shown below, national economy is political rather than economic.

29. The first type is found in the history of ancient Greece and Rome and partly in medieval Italy; the second in the history of western European peoples.

30. See G. Schmoller, "Studien über die wirtschaftliche Politik Friedrichs des Grossen," in *Jahrbuch für Gesetzgebung*, etc. (1884, 1886, 1887), and *The Mercantile System* (ed. by Sir W. J. Ashley, 1896); K. Bücher, *Die Entstehung der Volkswirtschaft* (1893), and *Industrial Evolution* (ed. by S. M. Wickett, 1901), chap. III.

THE END

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